FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

East Asia

FBIS-EAS-94-130
Thursday
7 July 1994

Daily Report
East Asia

FBIS-EAS-94-130 CONTENTS *7 July 1994*

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Murayama Due To Arrive in Naples for G-7 Summit *[KYODO]* 1
Officials Quoted on Clinton-Murayama Meeting *[KYODO]* 1
Murayama To Urge More Developing Nations Aid *[KYODO]* 2
Saito on Summit, Trade Talks With U.S. *[KYODO]* 2
Murayama Urged To Demand Weaker Yen at G-7 *[KYODO]* 2
BOJ Head Mieno To Depart for BIS Meeting *[KYODO]* 3
Kim Il-song Said To Want Summit With Japan *[KYODO]* 3
Further on Carter News Confrence on Kim Il-song *[KYODO]* 3
Auto Trade Talks With U.S. To Reopen 14 Jul *[KYODO]* 3
Apple Growers Oppose U.S. Apple Imports *[KYODO]* 3
Officials Say Murayama To Visit ROK 16 Jul *[KYODO]* 4
Foreign Minister Discusses DPRK With ROK envoy *[KYODO]* 4
Australia Assured of Consistent Diplomatic Policy *[KYODO]* 5
Ex-Im Bank To Provide Moscow With Loan *[KYODO]* 5
Tokyo, Moscow To Draft Fishing Accord *[KYODO]* 5
Tokyo To Provide Uniforms to Palestinian Police *[KYODO]* 6
Tokyo To Extend $3 Million to UN Body for Rwanda *[KYODO]* 6
Tokyo To Pledge $300 Million to South Africa *[KYODO]* 6
New Government To Deal With Wartime Compensation *[KYODO]* 6
Boat Suspected of Smuggling Foreigners Reported *[KYODO]* 7
Thirty-Nine Chinese Sentenced for Illegal Entry *[KYODO]* 7
Official Concerned Over Defense Budget's Growth *[KYODO]* 7
Defense Industry Shifts to Commercial Production *[KYODO]* 8
More on Issues Related to Domestic Politics 8
    SDPJ-LDP Alliance Criticized *[KYODO]* 8
    Industry To Forgo Contributions *[KYODO]* 9
    Reform Council Formed *[KYODO]* 9
    Ruling Alliance Challenged *[KYODO]* 9
    Table of Parliamentary Strength Issued *[KYODO]* 10
NEC Eyeing Integrated Circuit Plant Overseas *[KYODO]* 10
Company Begins Discount Sales of Imported Cars *[KYODO]* 10
Sales of Imported Vehicles Rose 42.9 Percent *[KYODO]* 10
Reports on Issues Related to Rice Continue 11
    Australian Rice To Go on Sale *[KYODO]* 11
    Thai Rice Prices Falling *[KYODO]* 11
    Surplus Imported Rice *[KYODO]* 11
    Making Agriculture Larger-Scale *[KYODO]* 11
    Large-Scale Farming Unpopular *[KYODO]* 11
    Panel Deciding on Rice Prices *[KYODO]* 12
    Price Freeze Recommended *[KYODO]* 12
    Government To Freeze Price *[KYODO]* 12
    Rice Subsidies To Rise *[KYODO]* 13
    Consumers Suing Government *[KYODO]* 13
    Rice Subsidies Criticized *[KYODO]* 13
Expansion of Farm Restructuring Project Studied *[KYODO]* 14
Deregulation in Home-Building Industry Needed *[KYODO]* 14
Review of Public Works Program Delayed *[KYODO]* 14
Minister 'Strongly' Opposes More NTT Splits *[KYODO]* 14

Panel To Stiffen Penalties in Copyright Law *[KYODO]* 15
Nosaka To Seek Public Service Rate Hike *[KYODO]* 15
Current Account Surplus Down 6.7 Percent *[KYODO]* 16
Foreign Reserves Hit Record High *[KYODO]* 16
Think Tank Survey Shows Business Mood Improving *[KYODO]* 16

North Korea

Results of N-S Telecommunications Meeting Noted *[Pyongyang TV]* 17
Commentary on Planned N-S Summit Continues 17
    Chinese, Russian Officials Comment *[Pyongyang Radio]* 17
    Foreign Presidents Welcome Summit *[KCNA]* 17
    Koreans in Japan Welcome Summit *[KCNA]* 18
    Japan-Based Newspaper Comments *[KCNA]* 18
    More on MINJOK SIBO Article *[Pyongyang Radio]* 18
Delegation Issues Statement Upon Geneva Arrival *[KCNA]* 18
South's Will for Dialogue Said 'Dubious' *[KCNA]* 19
ROK 'Military Provocation' in DMZ Alleged *[Pyongyang Radio]* 19
    KCNA Reports on 6 Jul Incident 20
More Reports on Trade Union Strikes in South *[KCNA]* 20
36,800 Tear Gas Canisters Said Fired in South *[KCNA]* 20
Japanese Public Denounces Chongnyon 'Suppression' *[KCNA]* 20
    Reports, Speeches Presented *[KCNA]* 21
Japan Urged To Revise School Textbook Entries *[KCNA]* 21
Light-Industry Delegation Departs for China *[KCNA]* 21
Meeting Marks DPRK-Russia Treaty Anniversary *[KCNA]* 21
Czechy-Morava Communist Party Head Novak Visits *[KCNA]* 22
Photo Exhibit Marks Belarus Anniversary *[KCNA]* 22
Envoy Talks With Nicaragua's Daniel Ortega *[Pyongyang Radio]* 22
Photo Exhibit Marks Mongolia's National Day *[KCNA]* 22
Indian Academy Agrees on Scientific Cooperation *[KCNA]* 22
Vice President Meets Outgoing Indian Ambassador *[KCNA]* 23
International Solidarity With Korean People Noted *[KCNA]* 23
Kim Il-song Greetings to Venezuelan President *[KCNA]* 23
Kim Il-song Greetings to Cape Verde President *[KCNA]* 23
Kim Il-song Receives Message From Burundi *[KCNA]* 23
Kim Il-song's 10-Point Plan for Unity Hailed *[KCNA]* 24
Kim Il-song Sends Message to Chongnyon Meeting *[KCNA]* 24
Kim Il-song Biography, Vol II Published in Iran *[KCNA]* 25
Japanese Society To Study Kim Chong-il Works *[KCNA]* 25
Guyanese Group Studies Kim Chong-il's Works *[KCNA]* 25
Bangladesh Party Head Praises Kim Chong-il *[KCNA]* 25
Kim Chong-il Sends Thanks to Various Army Units *[KCNA]* 26
Harmony Between Kim Chong-il, People Lauded *[KCNA]* 26
Anniversary of 'Revolutionary Fighter' Marked *[KCNA]* 26
    Officials Attend Symposium 7 Jul *[KCNA]* 27
    Chang Chol Attends Art Show *[KCNA]* 27
    'Heritage' Left by Kim Hyong-chik *[KCNA]* 27
Industrial Production in North Hwanghae Reported *[KCNA]* 28
Importance of Long-Distance Mine Conveyer Noted *[KCNA]* 29
Legendary Tale of Triple Rainbows Described *[KCNA]* 29

South Korea

DPRK Councilor to Thailand Addresses Panel *[YONHAP]* 30
DPRK Delegation Arrives in Geneva for Talks *[YONHAP]* 30
    U.S. Liaison Proposal Expected *[YONHAP]* 30
N-S 7 Jul Contact on Communications Begins *[Seoul Radio]* 31
    Agreements 'in Principle' Reached *[Seoul Radio]* 31
More Reaction to, Comments on N-S Summit 31
    DLP 'Displeased' With DP Remarks *[THE KOREA TIMES 2 Jul]* 31

  - President Not Exempt From Paperwork *[YONHAP]* 32
  - Majority Oppose Sanctions on Agenda *[Seoul TV]* 32
  - Impact on Politics Analyzed *[THE KOREA TIMES 5 Jul]* 32
  - President's Pyongyang Stay Viewed *[SEOUL SINMUN 5 Jul]* 33
  - 'Basic Position' Said Finalized *[HANGYORE SINMUN 7 Jul]* 33
  - 'Visible' Accomplishments Said Aim *[YONHAP]* 34
- Legislators Discuss DPRK Light-Water Reactor *[CHOSON ILBO 7 Jul]* 34
- Seoul Comments on DPRK Nuclear Transparency *[CHOSON ILBO 7 Jul]* 35
- Group Seeks Investment in North in Initial Stage *[YONHAP]* 35
- Vice Trade Minister Comments on N-S Cooperation *[MEIL KYONGJE SINMUN 5 Jul]* 35
- Processing on Commission Trade With North Noted *[MUNHWA ILBO 6 Jul]* 36
- Carter Delivers Kim Il-song's Message to Japan *[TONG-A ILBO 7 Jul]* 36
  - Says Kim Il-song Wants Summit *[YONHAP]* 37
- Japanese Premier 'Likely' To Visit 16-17 Jul *[YONHAP]* 37
- Unicef Ends Activities in ROK, Withdraws *[YONHAP]* 37
- Security Policy Coordination Meeting Held *[Seoul Radio]* 37
- Korea-China-Russia Railway Link to Europe Sought *[KYONGHYANG SINMUN 7 Jul]* 38
- Status of Illegal Foreign Workers Examined *[THE KOREA HERALD 5 Jul]* 38
- MOF To Allow Foreign Banks To Handle Business *[THE KOREA TIMES 2 Jul]* 39
- Dissident Groups Form Conference for Unification *[YONHAP]* 40
- Officials Explain President's Remark on Donations *[THE KOREA TIMES 2 Jul]* 40
- President on Expansion of National Infrastructure *[YONHAP]* 41
- Splinter Parties Merge, Form 'Democratic Party' *[YONHAP]* 41
- New Party Selects Convicted Lawmaker's Wife *[YONAP]* 41
- Workers Strikes Begin To Taper Off *[THE KOREA HERALD 5 Jul]* 42
- Opposition Demands Defense Minister Resign *[YONHAP]* 43
- Government Statistics Show Economic Expansion *[YONHAP]* 43
- Finance Ministry Scraps Plan for Conglomerates *[THE KOREA HERALD 6 Jul]* 44
- Chaebol Urged: Refrain From Privatization Bids *[THE KOREA TIMES 6 Jul]* 45
- Rain Damage Estimated at 1,230 Million Won *[THE KOREA TIMES 2 Jul]* 46

SOUTHEAST ASIA

Brunei, Malaysia & Singapore

Malaysia

- Minister Says No Decision To Buy Ship From U.S. *[BERNAMA]* 47
- * Mahathir Denies Providing Arms to Bosnia *[BERITA HARIAN 1 Jun]* 47
- * Relations With Beijing Reach 'New Phase' *[BERITA HARIAN 31 May]* 47
- * Market for Malaysian Oil, Gas Said Growing *[BERITA HARIAN 24 May]* 48

Singapore

- Breakaway SDP Faction Forms New Political Party *[THE STRAITS TIMES 6 Jul]* 48

Cambodia

- VGNUFC Reacts to U.S. Official's Statement *[Radio VGNUFC]* 49
- U.S., Australia, France Said Aiding Phnom Penh *[Radio VGNUFC]* 49
- Assembly Approves Article of Khmer Rouge Bill *[AFP]* 49
- Columnist Outlines Isolation of Prince Ranariddh *[KAOH SANTEPHEAP 6 Jul]* 50
- Sam Rangsi Comments on Decline of U.S. Dollar *[THE CAMBODIA DAILY 1-3 Jul]* 50
- Villagers Report Vietnamese Border Intrusion *[REAKSMEI KAMPUCHEA 2 Jul]* 51
- Corruption Said Choking Economic Officialdom *[KAMLANG SETTHAKECH THMEI 16-30 Jun]* 51

Indonesia

- * Defense Minister Urges 'Political Deregulation' *[MERDEKA 20 May]* 52
- Minister Speaks on Inflation Rate, Trade Values *[ANTARA]* 53

Editorial Views 'Regrettable' Press Banning *[SUARA PEMBARUAN 22 Jun]* 53

Laos

Press Release on Somsavat Visit To SRV Issued *[Vientiane Radio]* 54
* PRC Road Construction Project in Phong Saly *[PASASON 23 Apr]* 55
* Nouhak Phoumsavan Biography Published *[PASASON 9 Apr]* 56

Philippines

Suspected Iranian Abu Sayyaf Supporter Arrested *[Quezon City Radio-TV]* 56
Taiwan Confident of Industrial Park Success *[Quezon City TV]* 56
Moro Front's Misauri Warns of Cease-Fire Breaches *[London AL-HAYAH 6 Jul]* 56
MNLF Chief Reported Luring Back Rebel Returnees *[PHILIPPINE DAILY INQUIRER 4 Jul]* ... 57
Education Secretary Resigns; Replacement Set *[Quezon City Radio]* 57
Army's 35th Infantry Battalion Disbanded *[MANILA STANDARD 2 Jul]* 58

Thailand

Further Developments Reported in Watthana Case 58
  Opposition Urges Chuan To Act *[THE NATION 6 Jul]* 58
  Chuan Criticizes U.S. Embassy *[THE NATION 6 Jul]* 59
  Leaders Comment on Watthana Issue *[Bangkok TV]* 59
  Watthana Criticizes U.S. Embassy *[THE NATION 7 Jul]* 60
  Banhan Seeks Proof To Back Drug Charge *[THE NATION 7 Jul]* 60
  Banhan Dubs Visa Refusal 'Political Game' *[THE NATION 7 Jul]* 61
Editorial Urges Action on Watthana Case *[THE NATION 6 Jul]* 61
Editorials View U.S. Visa Denial for Watthana *[THAI RAT 7 Jul, etc.]* 62
Dailies on U.S. Visa Denials for Drug Charges *[THAI RAT, etc.]* 63
Army Chief Calls Former U.S. Envoy 'Devil' *[BANGKOK POST 7 Jul]* 64
Iranian Envoy: Three Bombing Suspects 'Innocent' *[BANGKOK POST 7 Jul]* 64
14 Thais Held in Cambodia 'Unarmed Civilians' *[BANGKOK POST 7 Jul]* 64
Ministry Rejects Report of Coup Involvement *[Radio VOFA]* 65
  Japanese Reporter Summoned *[Bangkok Radio]* 66
* Commerce Minister on Iran, Russia, Japan Trade *[MATICHON SUT SAPDA 13 May]* 66
* Bankers View Opportunities in Vietnam *[THAN SETTHAKIT 12-14 May]* 67
Plan for Economic Bloc With South Asia Viewed *[THE NATION 4 Jul]* 67
Over Half of State Budget to Five Policies *[THE NATION 7 Jul]* 68
Foreign Chambers Oppose Business Law Amendment *[BANGKOK POST 7 Jul]* 69
* Academic Critiques Army Corruption, Performance *[MATICHON 20 May]* 70
Respect for Intellectual Property To Be Taught *[Bangkok Radio]* 70

Vietnam

Country Joins Pacific Economic Cooperation Council *[VNA]* 71
  Membership Termed 'Bridge' to ASEAN *[Hanoi International]* 71
* Ambassador to UN Interviewed on U.S. Relations *[TUAN BAO QUOC TE Apr]* 71
* Cambodian Ties Examined After Premier's Visit *[TUAN BAO QUOC TE 13 Apr]* 73
* 'Plot' of 'Peaceful Evolution' Continues *[NHAN DAN CHU NHAT 10 Apr]* 74

AUSTRALASIA

Australia

Evans Regrets SRV's 'Overreaction' in Cancellation *[Melbourne International]* 76
Canberra, Wellington Reaffirm 'Close Relationship' *[Melbourne International]* 76

Japan

Murayama Due To Arrive in Naples for G-7 Summit

OW0607141994 Tokyo KYODO in English 1353 GMT 6 Jul 94

[Text] Naples, Italy, July 6 KYODO—New Japanese Prime Minister Tomiichi Murayama arrives in Naples on Wednesday evening [6 Jul] for talks with leaders of the Group of Seven (G-7) major industrial countries on the volatile world economy and aid to Russia.

After a day's rest, Murayama, 70, will hold presummit bilateral talks with U.S. President Bill Clinton and other G-7 leaders who are said to be apprehensive about his new coalition government, the first led by a Japan socialist party premier in 47 years.

Japanese officials said Murayama will be joined by Foreign Minister Yohei Kono, Finance Minister Masayoshi Takemura and International Trade and Industry Minister Ryutaro Hashimoto in assuring Clinton and other world leaders of Japan's stability despite frequent changes of government.

The Naples summit, the 20th in a series that began in Rambouillet in France in 1975, will begin Friday evening and last until Sunday morning.

The G-7 nations are Britain, Canada, France, Germany, Italy, Japan and the United States.

As in last year's economic summit in Tokyo, the Naples summit will feature political dialogue between the G-7 leaders and Russian President Boris Yeltsin who is expected to seek renewed pledges of economic assistance from the rich club.

They are also expected to take up such hot issues as North Korea's alleged nuclear weapons program and the Bosnian conflict, Japanese officials said.

Murayama, who was elected prime minister just a week ago, is expected to assure other G-7 leaders that his coalition government intends to maintain established diplomatic policies.

Trade ministers of Japan and the U.S. will meet Thursday or Friday in a fresh bid to jump-start the bilateral framework trade talks.

On Friday morning, Murayama and Clinton will meet for 90 minutes to discuss the framework trade talks, before holding a joint news conference.

The G-7 leaders will tackle the economic agenda on Saturday, which will include discussions on economic growth, employment and the dollar's sharp drop against the yen and other major currencies, officials said.

The G-7 leaders will issue an economic declaration on Saturday afternoon, which is expected to call for further fiscal and monetary steps by Japan and Germany to expand domestic demand, and international cooperation to help stabilize currencies.

All eight leaders will continue political discussions Sunday morning. In the afternoon, Murayama will meet with Yeltsin before leaving Naples later in the day. He will return home Monday.

Officials Quoted on Clinton-Murayama Meeting

OW0707073594 Tokyo KYODO in English 0720 GMT 7 Jul 94

[Text] Naples, July 7 KYODO—Japanese Prime Minister Tomiichi Murayama and U.S. President Bill Clinton are set to meet Friday [7 July] before the Group of Seven (G-7) forum, but the two leaders are not expected to discuss specific issues, Japanese officials said Thursday.

The main aim of the Japan-U.S. meeting will be to foster mutual confidence in what will be the first meeting of the pair since Murayama took office just one week ago.

Murayama will make use of the opportunity to assure the United States that his coalition government will stick to Japan's conventional foreign policies, including mutual security policies, the officials said.

In a telephone conversation last week, the two leaders agreed on the need for diplomatic continuity, they noted. Murayama's election as Japan's first socialist premier in 47 years has taken U.S. officials by surprise, causing jitters over possible policy changes under his new coalition government.

The Murayama-Clinton meeting will be held prior to this year's annual economic summit of G-7 leaders in the Italian port city, which begins Friday evening and lasts through until Sunday morning.

On the economic front, Murayama will brief Clinton on a set of measures to help boost imports, including the same scale of a tax cut as this year's 6 trillion yen, an increase in public works spending and economic deregulation, they said.

Leery of the yen's record-shattering advance against the dollar, Murayama will appeal to Clinton for the importance of policy coordination to cope with the high-pitched advance of the Japanese currency, they said.

Murayama will express hope for a resolution through dialogue to an international dispute over North Korea's alleged nuclear weapons program, the officials said. The United States and North Korea are scheduled to open a third round of high-level talks in Geneva also on Friday.

Foreign Minister Yohei Kono, Finance Minister Masayoshi Takemura, and International Trade and Industry Minister Ryutaro Hashimoto will join Murayama at the meeting.

Secretary of State Warren Christopher, Treasury Secretary Lloyd Bentsen and U.S. Trade Representative Mickey Kantor will accompany Clinton in the meeting.

Murayama To Urge More Developing Nations Aid

OW0707054894 Tokyo KYODO in English 0537 GMT 7 Jul 94

[Text] Naples, July 7 KYODO—Japan's Prime Minister Tomiichi Murayama plans to call on other industrialized powers to boost aid to the developing world, Japanese Government officials said Thursday [7 July].

The proposal will be made when Murayama meets with other top leaders of the Group of Seven (G-7) industrialized nations at the three-day economic summit which starts in this Italian port city on Friday.

"Major industrialized nations have now become increasingly reluctant to extend assistance to developing countries," said a source of the Japanese Foreign Ministry.

According to the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), the total amount of Official Development Assistance (ODA) furnished by industrialized nations during 1993 fell 11.4 percent from the year before, the first ever double-digit fall.

While Japan's ODA amount inched up nearly 1 percent, those of the United States and France were down 16.7 percent and 4.5 percent, respectively.

Industrialized countries' wariness about aid stems in part from the fact that such efforts have produced "poorer-than-expected" results on the part of the developing world, the source said.

In addition, the G-7 countries are largely beleaguered with tight fiscal conditions, the source noted.

At the summit, however, Murayama plans to point out that the world's regional conflicts derive mainly from poverty, Japanese officials said.

He will emphasize that industrialized countries still have a big role to play in boosting the economies of developing countries, the officials said.

Saito on Summit, Trade Talks With U.S.

OW0707091294 Tokyo KYODO in English 0902 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—G-7 leaders are expected to discuss currency issues but not as a major topic during the three-day summit in Naples, Italy, Vice Finance Minister Jiro Saito said Thursday [7 July].

Saito, speaking at a regular press meeting, also confirmed that Japan and the United States gave up on reaching an agreement on their "framework" trade talks before the summit of Group of Seven major industrialized nations starting Friday.

"Currency problems will likely be discussed as part of overall economic issues, but not as a (separate) key agenda," Saito said, adding that U.S. officials earlier made similar comments.

He noted that major topics at the summit are jobs and world growth, and aid to Russia, Ukraine and developing nations.

On Japan-U.S. trade talks, Saito said he was told there will be "no presummit agreement."

Turning to domestic issues, Saito said his ministry will put forth "further extra efforts" over those in past years to cut back spending in the fiscal 1995 budget, referring to a budget deficit for the second straight year and a tax revenue shortfall for the third consecutive year in fiscal 1993.

Under increasingly tougher fiscal conditions, the Finance Ministry has begun working on the next fiscal budget, with the ceiling for requests by ministries and agencies expected to be presented later this month.

Murayama Urged To Demand Weaker Yen at G-7

OW0407083394 Tokyo KYODO in English 0821 GMT 4 Jul 94

[Text] Tokyo, July 4 KYODO—The deputy chief of Japan's largest labor organization urged Prime Minister Tomiichi Murayama on Monday [4 Jul] to speak out in seeking a weaker yen at the weekend summit of Group of Seven (G-7) economic powers in Naples, Italy, officials said.

Jinnosuke Ashida, deputy president of the 8 million-strong Japanese Trade Union Confederation [Rengo], made the request at a meeting with the prime minister and Chief Cabinet Secretary Kozo Igarashi at the premier's official residence. Rengo is the main base of support for Murayama's Social Democratic Party [of Japan—SDPJ].

Ashida, acting on behalf of Rengo President Akira Yamagishi, called on Murayama to secure the support of other leaders of the summit to bring about "normal" exchange rates and put a halt to the yen's rise against the dollar, the officials said.

The request followed the yen's unabated rise in value in recent foreign exchange trading, hitting export-oriented firms. The U.S. dollar hit a global low of 97.68 yen at one stage last weekend. It closed at 98.67 yen on the Tokyo money market Monday.

Ashida also urged Murayama to pledge at the three-day Naples summit opening Friday to continue implementing income tax cuts beyond fiscal 1994, the officials said.

In reply, Murayama was quoted as telling the Rengo entourage the yen's appreciation against the dollar is an "important problem."

"We're going to have finance ministers discuss the matter sufficiently prior to the meeting of government leaders (of the G-7 nations)," Murayama was quoted as saying.

BOJ Head Mieno To Depart for BIS Meeting

OW0707070394 Tokyo KYODO in English 0643 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—Bank of Japan (BOJ) Governor Yasushi Mieno will leave for Switzerland on Saturday [9 July] to attend a monthly meeting of the Basel-based Bank for International Settlements [BIS], BOJ officials said Thursday.

Mieno will also visit France and the Czech Republic to make a firsthand study of the financial and economic situations in those countries, the officials said.

Kim Il-song Said To Want Summit With Japan

OW0707074494 Tokyo KYODO in English 0713 GMT 7 Jul 94

[Text] Hiroshima, July 7 KYODO—North Korean President Kim Il-song has expressed a desire to have summit talks with Japanese leaders, former U.S. President Jimmy Carter said Thursday [7 July].

Carter made the remark at a news conference in Hiroshima Prefecture.

He visited Pyongyang in June and talked with President Kim about North Korea's suspected nuclear weapons program.

In Tokyo, the top government spokesman said the reported offer by the North Korean leader "is a very interesting proposal, a bright proposal."

"I think the proposal itself is news, though we haven't confirmed it yet," Chief Cabinet Secretary Kozo Igarashi told a regular news conference.

Igarashi said Tokyo should carefully examine Pyongyang's true intention because North Korea unilaterally walked out of negotiations on normalization of relations with Japan.

Further on Carter News Confrence on Kim Il-song

OW0707102194 Tokyo KYODO in English 1000 GMT 7 Jul 94

[Text] Hiroshima, July 7 KYODO—North Korean President Kim Il-song has expressed a desire to meet with Japanese leaders and open up diplomatic ties, former U.S. President Jimmy Carter said Thursday [7 July].

Carter, speaking at a press conference in Hiroshima Prefecture, said Kim asked him to convey to the Japanese leadership that he wants to talk with them in a "peaceful" way and launch normal trade and diplomatic relations.

Carter said he received the message from Kim during a visit to Pyongyang last month for talks on the U.S.-North Korea standoff over the communist nation's suspected nuclear weapons program.

In Tokyo, a top government spokesman said the reported offer by the North Korean leader "is a very interesting proposal, a bright proposal."

"I think the proposal itself is news, though we haven't confirmed it yet," Chief Cabinet Secretary Kozo Igarashi told a regular news conference.

Igarashi said Tokyo should carefully examine Pyongyang's true intentions since North Korea unilaterally walked out of negotiations on the normalization of relations with Japan in 1992.

Meanwhile, Carter said Kim's message also touched on his concern that children of pro-Pyongyang Koreans in Japan were being ill- treated by Japanese. Kim was quoted as calling for protection of their human rights.

Auto Trade Talks With U.S. To Reopen 14 Jul

OW0707063294 Tokyo KYODO in English 0609 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—Japan and the United States will resume subcabinet-level "framework" trade talks on automobiles and auto parts in Tokyo on July 14, Vice Minister of International Trade and Industry Hideaki Kumano said Thursday [7 July].

At the subcabinet-level talks in Washington earlier this week, the two countries failed to reach agreement on the auto and auto parts sector, one of the three "priority" areas in the framework talks.

The Tokyo talks between Sozaburo Okamatsu, vice minister for international affairs at the International Trade and Industry Ministry, and Jeffrey Garten, U.S. undersecretary of commerce, will be followed by working-level negotiations July 15 and 16, Kumano told reporters.

Kumano said, "We'll continue talks until both sides are fully convinced although the Naples Summit (of the Group of Seven industrialized countries) has forced us to suspend the talks temporarily."

The talks are aimed primarily at securing greater access to Japanese markets for imports.

Apple Growers Oppose U.S. Apple Imports

OW0707025394 Tokyo KYODO in English 0244 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—About 300 domestic apple growers, opposed to U.S. apple imports, held a protest in Tokyo on Thursday [7 July] outside a public hearing concerning lifting the ban on U.S. apples.

Apple farmers from Aomori, Yamagata, and Nagano Prefectures will formally express their opposition to the opening of Japan's market to U.S. apples at the Ministry of Agriculture, Forestry and Fisheries hearing in the afternoon.

The government liberalized its foreign apple ban in 1971, but the market remained closed as a result of a quarantine system that prohibited apples, which may contain foreign insects and pesticides, from entering Japan.

In April, the government began allowing New Zealand apples into the country. Now U.S. apples have also been declared "safe." The two-day hearing, which ends Friday, is being attended by apple producers, distributors and consumers.

Officials Say Murayama To Visit ROK 16 Jul

OW0707144194 Tokyo KYODO in English 1426 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—Prime Minister Tomiichi Murayama will make a one-day trip to Seoul on July 16 for talks with South Korean President Kim Yong-sam, government officials said Thursday [7 July].

Murayama's visiting South Korea shortly after his return from a seven-nation economic summit in Naples, Italy, is also meant to allay concerns voiced by the United States and other summit participants that Japan's security policy will change under a socialist prime minister.

Murayama, who came to power last week as Japan's first socialist prime minister in 47 years, has a labor union background and is said to lack experience in international politics.

The Social Democratic Party has a long history of friendly ties with communist North Korea, which is under international scrutiny for allegedly pursuing a nuclear weapons program.

The government also hopes that the Seoul trip will improve Murayama's diplomatic profile and pay off domestically in boosting the meager support rate for his three-party coalition government shared with the SDP's archrival Liberal Democratic Party (LDP) and an LDP splinter.

The visit will be formally announced when Yutaka Kawashima, head of the Foreign Ministry's Asian Affairs Bureau, who will fly to Seoul on Monday, and South Korean officials have finalized Murayama's detailed travel schedule, the officials said.

Topping the agenda will be the situation on the Korean peninsula in case the nuclear standoff with North Korea continues, officials said.

Despite the expected resumption of U.S.-N. Korea high-level talks to solve the nuclear row, opening Friday in Geneva, the Japanese Foreign Ministry does not view these latest developments from "an optimistic viewpoint," according to a senior official.

The North Korean nuclear issue is "a major cause of concern" for Japan's security, the official said. Should Washington and Pyongyang fail to reach a breakthrough in the Geneva talks, the debate about possible punitive measures such as U.N. sanctions against North Korea will unavoidably recur.

In that case Murayama's government is expected to take a passive attitude, the official said.

So far the Murayama government, while pledging diplomatic continuity, has avoided reiterating the previous government's commitment to concerted action with the U.S. and South Korea in dealing with North Korea.

This lack of clarity presumably is the major reason why Washington has second thoughts about Japan's reliability after the government change, the official said.

In talks with Kim, Murayama will also broach bilateral cooperation, but—bearing in mind his party's ties with the (North) Korean Workers' Party—will most likely refrain from ostentatious gestures of friendship and not go beyond confirming existing ties to avoid upsetting Pyongyang.

This again is expected to fuel domestic debate about an appropriate North Korea policy, the official said.

Foreign Minister Discusses DPRK With ROK envoy

OW0607041294 Tokyo KYODO in English 0359 GMT 6 Jul 94

[Text] Tokyo, July 6 KYODO—Foreign Minister Yohei Kono and South Korean Ambassador to Japan Kong No-myong agreed Wednesday [6 July] to closely watch matters concerning North Korea's alleged development of nuclear weapons, Foreign Ministry officials said.

In a 10-minute meeting, Kong told Kono that South Korea will watch closely how talks between the United States and North Korea progress, the officials said.

Washington and Pyongyang are scheduled to hold a third round of high-level talks over the nuclear dispute in Geneva from Friday.

Kono said an important stage is approaching, with a historic summit meeting between South Korean President Kim Yong-sam and North Korean Leader Kim Il-song scheduled for later this month, they said. He voiced expectations for a peaceful solution on the nuclear problem, according to the officials. The leaders of the two Koreas will meet in Pyongyang from July 25 to 27.

Kong made the courtesy call on Kono to congratulate him for his appointment to the post as a member of Prime Minister Tomiichi Murayama's cabinet inaugurated a week ago.

Australia Assured of Consistent Diplomatic Policy

OW0507071894 Tokyo KYODO in English 0506 GMT 5 Jul 94

[Text] Tokyo, July 5 (KYODO)—Prime Minister Tomiichi Murayama assured Australian parliamentarians Tuesday [5 Jul] his new government's diplomatic policies, including its stance on the Uruguay Round of multilateral trade talks, will be consistent with its predecessor's, Foreign Ministry officials said.

Murayama told a group of seven Australian parliamentarians that the new government, which has a majority in the Diet, will be stable and he wants to further strengthen cooperative relations with Australia, the officials said.

He said Japan intends to ratify in the Diet session this fall the treaties related to the Uruguay Round talks which were successfully concluded last December and the plans to revise relevant domestic laws.

But he added it is necessary for Japan to strengthen its agricultural infrastructure and protect its agricultural sector because its land area is small, according to the officials.

Murayama made the remarks in response to a question by the Australian delegation on whether the new government plans to change Japan's stance on the Uruguay Round trade talks.

The Australian parliamentarians gave high marks to Japan's decision to partially open its rice market to foreign competition as part of its efforts to conclude the global trade negotiations, they said.

The Australian delegation, headed by Stephen Martin, speaker of the House of Representatives, arrived in Japan earlier in the day at the invitation of the speaker and president of the two houses of the Diet. The delegation will be staying in Japan until next Tuesday.

In a separate meeting later in the day, Martin and Foreign Minister Yohei Kono agreed that Japan and Australia should cooperate in further promoting the Uruguay Round and the General Agreement on Tariffs and Trade (GATT), the officials said.

Kono and Martin also agreed that the two nations should jointly take initiatives in the Asia-Pacific Economic Cooperation (APEC) forum, they said.

In the 10-minute meeting, Martin reportedly told Kono he was surprised that Murayama's Social Democratic Party and Kono's Liberal Democratic Party had linked up to create a new government.

Kono, in response, reportedly explained the events leading up to the establishment of the new government.

Ex-Im Bank To Provide Moscow With Loan

OW0607074594 Tokyo KYODO in English 0714 GMT 6 Jul 94

[Text] Tokyo, July 6 KYODO—The Export-Import Bank of Japan said Wednesday [6 Jul] it will provide a loan of up to 21 billion yen to Russia's Bank for Foreign Economic Affairs (VEB).

The government-financed bank said the funds will be used to purchase goods and services for a digital microwave radio relay system to be built and operated by A/O Rostelecom between Moscow and Khabarovsk.

It is one of the important projects being promoted by the Russian Government and the first to fall under the Japanese bank's export credit in line with aid packages that Japan pledged to Russia in 1991 and 1993, the bank said.

Tokyo, Moscow To Draft Fishing Accord

OW0507150994 Tokyo KYODO in English 1447 GMT 5 Jul 94

[Text] Kunashiri, July 5 KYODO—A Japanese mayor and an administrator in the Russian Far East agreed Tuesday [5 July] to try to draft a fishing cooperation accord by Oct. 1 for the disputed waters off Japan's northern shores, Japanese officials said.

The agreement came between Nemuro Mayor Kaiji Oya and N. Pokijin, the administrative chief of the southern Kuril region, at a meeting in the local administrative office of the town of Furukamappu on the Russian-held island of Kunashiri off Hokkaido.

Kunashiri is one of the four islands seized by the Soviet Army at the end of World War II and still claimed by Tokyo. Oya is heading a delegation to the island under the visa-free exchange program.

Oya asked Pokijin to clarify the meaning of his telexed letter of last March to the city government, in which Pokijin asked whether the Japanese side is ready to accept a charging formula similar to the 1963 accord to allow Russia to charge Japanese fishermen for harvesting sea tangle from waters near the Habomai islets.

The telex asked whether Japan is ready to accept a fishing cooperation agreement similar to the "Kaigara Island Formula" under which Japan has annually paid 120 million yen to the Russians to harvest the sea tangle worth 900 million yen in the Japanese market.

In reply, Pokijin said his telexed inquiry implies Russian interest in knowing whether Japan is ready to start joint fishing ventures and "experimental research fishing," as well as expanding the scale of its annual tangle hauls from Kaigara Island, the officials said.

The officials quoted pokijin as indicating Russian readiness to allow the Japanese to haul fish not only off the southern Kuril region but from the waters off Etorofu Island, depending on the Japanese response.

The officials said Pokijin also urged the Japanese delegation to speed up the process of working out the fishing cooperation deal, saying Moscow and the local government of Sakhalin are in principle positive on striking a deal.

Oya said the Japanese side cannot hand over its own draft version of the fishing agreement to the Russian side for the time being, as the Japanese Government and Hokkaido prefectural government are still consulting over the wisdom of accepting the deal.

However, Oya was quoted as telling the Russian side, "I would like to make efforts (to bring about the accord) as fishing cooperation is something we want to attain."

Tokyo To Provide Uniforms to Palestinian Police

OW0707123794 Tokyo KYODO in English 1216 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—Japan will provide some 9,000 uniforms to Palestinian police deployed in the Gaza Strip and the West Bank town of Jericho as part of its help toward Palestinian self-rule, the Foreign Ministry said Thursday [7 July].

The Japanese Government decided to provide the assistance because a smooth start-up of self-rule and ensuring of safety in the region are important, the ministry said.

Some 4,000 Palestinian police are currently deployed in Gaza and Jericho based on a May 4 agreement between Israel and the Palestine Liberation Organization (PLO). The number of police officers is expected to reach 9,000.

The National Police Agency gathered the uniforms—5,000 for winter and 4,000 for summer—from 40 of Japan's 47 prefectures for shipment to the occupied territories later this month.

Japan introduced new police uniforms in April, rendering old designs redundant. About half the uniforms to be sent are new, and the others have only been worn for one season, ministry officials said.

Japan has disbursed 20 million dollars to the U.N. Development Program (UNDP) as part of Japan's aid to Palestinians. Half of the amount was for construction of housing for the police, while 250,000 dollars was used to buy computers, the ministry said.

Tokyo To Extend $3 Million to UN Body for Rwanda

OW0707110794 Tokyo KYODO in English 1054 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—Japan will extend 3 million dollars to the U.N. Assistance Mission in Rwanda (Unamir) to help it purchase necessary equipment and begin belated activities, the Foreign Ministry said Thursday [7 July].

The aid is in response to a request by the United Nations for Japan to cooperate in implementing Unamir activities as soon as possible, the ministry said.

The operations of Unamir, established in October 1993 to support and monitor the implementation of a peace treaty concerning Rwanda, has been delayed due to lack of equipment.

The Japanese aid is to be disbursed from the trust fund in support of United Nations peacemaking and peacekeeping activities, set up at Japan's initiative in 1989. The money will be used to purchase equipment such as vehicles.

The U.N. Security Council decided to beef up Unamir after conflicts in Rwanda intensified following the deaths of Rwandan President Juvenal Habyarimana and Burundi President Cyprian Ntaryamira in a plane crash in April.

More than 10 countries, mainly from Africa, have approved sending personnel to Unamir.

Tokyo To Pledge $300 Million to South Africa

OW3006121594 Tokyo KYODO in English 1126 GMT 30 Jun 94

[Text] Tokyo, June 30 KYODO—Japan will promise official development assistance (ODA) of 300 million dollars to South Africa at the Group of Seven (G-7) summit opening on July 8 in Naples, Italy, government officials said Thursday [30 June].

They said new Prime Minister Tomiichi Murayama will pledge the ODA as part of economic aid Japan will offer in the next two years to support the government under President Nelson Mandela.

The aid will include trade insurance coverage of up to 500 million dollars by the Ministry of International Trade and Industry (MITI) and a loan of more than 300 million dollars by the government-backed Export-Import Bank of Japan, the officials said.

Japan will be South Africa's largest donor among the G-7 industrial nations, which comprise Britain, Canada, France, Germany, Italy, Japan and the United States, they said.

New Government To Deal With Wartime Compensation

OW0107182494 Tokyo KYODO in English 1227 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—The new government of Prime Minister Tomiichi Murayama will deal positively with the issue of compensation for people who suffered at the hands of invading Japanese troops before and during World War II, a senior government official said Friday [1 July].

The senior government official, reversing former governments' negative stance toward providing compensation on an individual basis, said the compensation is "the task which we should shoulder unconditionally."

War victims, including "comfort women" who were forced by the Japanese Imperial Army to provide sex in frontline brothels, have demanded that Japan pay compensation.

Japan's official stance has been that the compensation issue has already been settled through government-to-government negotiations with the nations concerned.

Murayama told a news conference earlier Friday that "it is not good (for the government) not to make compensation."

Murayama, who was elected premier of the new coalition government between the Social Democratic Party (SDP) [of Japan—SDPJ], the Liberal Democratic Party (LDP) and New Party Sakigake [Harbinger] Wednesday, avoided, however, any references to whether or not Japan had waged a "war of aggression" during World War II.

"Japan should reflect humbly on its responsibility for having brought about such a terrible disaster," Murayama said.

When a coalition government was established last August by ousting the LDP from power, then Prime Minister Morihiro Hosokawa called the war a "war of aggression."

The SDP was then a member of the seven-party coalition. The SDP later bolted from the coalition and formed a new alliance with the LDP, its archrival.

Boat Suspected of Smuggling Foreigners Reported

OW0707034694 Tokyo KYODO in English 0258 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—Patrol boats from the Maritime Safety Agency (MSA) chased a Honduran freighter suspected of carrying foreigners without visas off the seas of northern Japan for about 3,000 kilometers to near Taiwan over nine days, sources close to the agency said Thursday [7 July].

An airplane from the regional maritime safety headquarters located the 500-ton freighter off the Sanriku coast of Iwate Prefecture on June 23 upon information from a fishing boat, the sources said.

Since no foreign ships can be inspected in international waters, even if they are suspected of attempting to smuggle people, the agency put its patrol boats on the freighter's course. After apparently noticing the patrol boats, the freighter then changed its course to southward at a slow speed, the sources said.

Regional maritime safety headquarters continued chasing the boat in turn with patrol boats until the boat reached the area near Taiwan on July 2, moving off to the South China Sea, the sources said.

As hundreds of foreigners, mostly Chinese, have been brought into Japan illegally by ships chartered by gangs, the agency has recently intensified surveillance on coasts in scarcely populated regions.

Thirty-Nine Chinese Sentenced for Illegal Entry

OW0707125194 Tokyo KYODO in English 1240 GMT 7 Jul 94

[Text] Matsue, Japan, July 7 KYODO—Two Chinese men were sentenced Thursday [7 July] to eight months in prison and a further 37 to suspended sentences of the same prison term for attempting to enter Japan illegally in May.

In handing down the ruling, the Matsue District Court said a severe penalty was necessary as a deterrent because their entry with the intention to work illegally in Japan was a particularly serious crime.

The two men who received jail sentences had previous records of illegal entry to Japan. The 37 given suspended sentences were later moved to an immigration center in Omura, Nagasaki Prefecture, western Japan, for subsequent deportation.

The Chinese entered Japan on May 11 on a cargo freighter off the coast of Shimane Prefecture on the Sea of Japan coast.

The trial of 13 Indonesians who also entered Japan illegally on the same ship will begin Aug. 5.

On May 13, Maritime Safety Agency investigators arrested 47 Chinese remaining aboard the freighter off Shimane Prefecture. The Chinese, who were aged between 17 and 38, were all from Fujian Province.

A fishing boat discovered the vessel entangled in a fishing net 4 kilometers off the town of Taki, Shimane Prefecture, early the same day.

Police said at the time that a 46-year-old Indonesian man who claimed to be the captain said the ship left Hong Kong on April 20 and later took 81 Chinese on board while waiting offshore.

Official Concerned Over Defense Budget's Growth

OW0107152094 Tokyo KYODO in English 1315 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—The growth of Japan's defense budget cannot be reduced any further if the Defense Forces are to do their job properly, a senior Defense Agency official said Friday [1 July].

The official, who requested anonymity, said the recent slowdown in the annual growth in defense budget to below 1 percent has reached almost the limits for the agency to carry out its duty.

The remarks were made a day after the inauguration of the government of prime minister Tomiichi Murayama, whose Social Democratic Party (SDP) [of Japan—SDPJ] once considered the Self-Defense Forces unconstitutional.

Murayama is the first SDP premier in Japan in 47 years. The SDP's coalition partners are the Liberal Democratic Party (LDP) and New Party Sakigake [Harbinger]. The LDP has 13 of the 20 cabinet seats, including the defense portfolio.

The LDP, which ruled Japan for 38 years before it was ousted by a reformist coalition government last August, has supported a defense buildup.

But the SDP, citing Japan's war-renouncing Constitution, has long been opposed increased defense spending as posing a threat to nearby nations which recall Japan's aggression before and during World War II.

The agency official said recent restraint on defense spending since the end of the Cold War has delayed buildup of the nation's defense capability.

"We need a 7.7 percent rise in the defense budget for fiscal 1995 to achieve (Japan's 1990-1995) defense buildup plan, but it is impossible," the official said.

The defense budget for fiscal 1994, ending next March, is 0.8 percent more than the previous year, the smallest growth in 34 years.

Defense Industry Shifts to Commercial Production

OW0107075094 Tokyo KYODO in English 0736 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—Japan's defense industry is accelerating a shift toward commercial production in face of sluggish growth of defense outlays in the post-Cold War era, industry sources said Friday [1 July].

Defense contractors have also come under pressure from Washington to increase procurement of weapons from the United States, the sources said.

Mitsubishi Heavy Industries Ltd. has launched a joint project with a Canadian maker to develop a long-range commercial jet aircraft, with the maiden flight slated for 1996.

Mitsubishi also plans to develop industrial machinery using the caterpillar for tanks, the sources said.

Kawasaki Heavy Industries Ltd. also is undertaking the development of a similar commercial jet in partnership with Shinmaywa Industries Ltd. and a U.S. company.

Mitsubishi and Kawasaki also have received orders from the JR group of railway firms for a linear motor car experimental vehicle based on the technology to manufacture the aircraft fuselage, the sources said.

Mitsubishi is a major primary contractor for the Defense Agency. Orders placed by the agency account for nearly 80 percent of annual sales by the company's aircraft and vehicle department.

The sources said the department's sales for fiscal 1994 are estimated at 460 billion yen, down from 510 billion yen the year before.

Mitsubishi officials said the company plans to lay the foundation for new businesses within a few years.

More on Issues Related to Domestic Politics

SDPJ-LDP Alliance Criticized

OW0607023794 Tokyo KYODO in English 0144 GMT 6 Jul 94

[Text] Sendai, July 6 KYODO—A labor union leader took the Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] to task Wednesday [6 July] over its cohabitation with the conservative Liberal Democratic Party (LDP).

Yasuo Wakayama, who heads the Japanese Electrical, Electronics and Information Union, questioned the wisdom of SDP Chairman Tomiichi Murayama's decision to join hands with the LDP to form a ruling coalition.

"I cannot help holding great misgivings that Mr. Murayama's choice...may only benefit the LDP," he said at an annual meeting of the union, a longstanding SDP supporter.

In a dramatic political development, the SDP and its traditional archrival LDP last week joined forces to create a three-party coalition government headed by Murayama.

The leader of the 750,000-strong union said the SDP can no longer take its support for granted, noting a case-by-case approach in cooperation with SDP policy lines.

Wakayama lauded SDP members who voted for former Prime Minister Toshiki Kaifu, Murayama's opponent in the Diet election to choose the new premier, or those who cast a ballot for nobody.

Their actions were in line with the SDP's previous stance against any alliance with the LDP, he said, adding, "we will provide strong support to them."

Industry To Forgo Contributions

OW0707133894 Tokyo KYODO in English 1201 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—The Japan Petrochemical Industry Association has not earmarked any funds for political contributions in its budget for fiscal 1994, the new head of the association said Thursday [7 July].

Masahiko Furukawa told a press conference no decision has been reached on political contributions for the next fiscal year, adding he personally thinks there is no need for businesses to make such contributions.

Businesses previously gave the funds to help defend the free economic system, but that cause is no longer so great, he said.

The association has contributed about 30 million yen to the Liberal Democratic Party and the Japan Democratic Socialist Party annually.

Some major industry organizations such as the Japan Iron and Steel Federation and the Cement Association of Japan have decided to continue contributions in the current fiscal year ending next March. Some top executives of major steelmaking firms have called for a halt to such contributions, however.

Reform Council Formed

OW0707082094 Tokyo KYODO in English 0751 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—Eight partners from the former ruling coalition agreed Thursday [7 July] to form a council to promote political reform, to be made up of lawmakers who voted for former Prime Minister Toshiki Kaifu in the June 29 premiership election.

The eight partners, including former Prime Minister Tsutomu Hata's Shinseito [Japan Renewal Party], also agreed to inaugurate a joint election campaign office under the new council on July 12, former coalition officials said.

During the Diet vote on June 29, the two largest opposition parties—the Liberal Democratic Party (LDP) and the Social Democratic Party (SDP)—allied with new party Sakigake [Harbinger] to successfully elect SDP Chairman Tomiichi Murayama as prime minister.

Ruling Alliance Challenged

OW0707140994 Tokyo KYODO in English 1347 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—Eight parties from the former ruling coalition joined forces Thursday [7 July] in a highly charged drive to counter a leftist-conservative alliance between the Liberal Democratic Party (LDP) and the Social Democratic Party (SDP).

In deciding to form an organization for joint election campaigns, the eight partners envisage a new parliamentary bloc with some 200 members to knock the LDP-SDP coalition out of power, party sources said.

The opposition will also court defectors from both the LDP and the SDP to enhance the power base of the new umbrella organization, "Reform Promotion Council."

In a meeting of party top brass, the eight allies agreed to former Prime Minister Morihiro Hosokawa's proposal and will set up an election campaign headquarters as part of the council Tuesday.

After a brief extraordinary Diet session that starts July 18, former Prime Minister Toshiki Kaifu, who lost to SDP Chairman Tomiichi Murayama in last week's Diet election for a new premier, and his followers are expected to join forces.

The opposition move could eventually lead to a giant new party as envisioned by a top strategist of the former coalition, Ichiro Ozawa of Shinseito [Japan Renewal Party], who is a long-standing proponent of a bipolar system similar to that in the United States and Britain.

Their election campaigns, to be commanded by party chiefs, will focus on fielding joint candidates for the next general elections, which Prime Minister Murayama has promised will be held under a new system of single-constituencies combined with proportional representation.

The council will be steered by a party executive meeting as the supreme decision-making organ, headed by former Prime Minister and Shinseito chief Tsutomu Hata. Hosokawa, who heads Japan New Party, will support Hata as presiding adviser.

Under the top conference, party secretaries general, who usually fill the No. 2 position, will form another representative meeting to discuss policy issues.

The opposition's latest move was prompted by growing concerns that the LDP and the SDP, traditional foes, could stage effective cooperation in the next polls, observers said.

"LDP-SDP election campaigns might turn out to be a big success," a Shinseito official said.

The road to uniting the eight groups into a new single party, however, is viewed as bumpy at best, with some partners, JNP and the Democratic Socialist Party (DSP) in particular, leery about Ozawa's leadership.

But there are emerging signs that the prospect of fighting an LDP-SDP alliance in elections is creating a strong centripetal power among the opposition parties.

A senior DSP official acknowledged the importance of the groups to forget their differences and put up a united front against the ruling alliance.

Some opposition lawmakers are urging an early birth of a new party after bills to recast electoral districts pass through the Diet.

A top Shinseito legislator said he is looking for an eventual grouping of some 220 to 230 Diet members.

Table of Parliamentary Strength Issued

OW0507121694 Tokyo KYODO in English 1142 GMT 5 Jul 94

[Text] Tokyo, July 5 (KYODO)—The following is a table of parliamentary strength in both houses of the Diet:

	House of Representatives		House of Councillors
LDP	206	LDP	95
Kaishin (Innovation)	126	SDPJ	68
SDPJ	74	Shin Ryokufu kai	38
Komeito	52	Komeito	24
New Party Sakigake	22	JCP	11
JCP	15	Niin Club	5
New Party Mirai	5	Goken Liberal no Kai	5
Independents	9	Independents	6
Vacancies	2	Vacancies	0
Total	511	Total	252

(Note: Kaishin consists of members of Shinseito (62), the Japan New Party (33), the DSP [Democratic Socialist Party] (19), the Liberal Party (7), four former Kaikakunokai [Reform Group] members and another independent LDP defector. Shin Ryokufu Kai groups Shinseito (13), the Democratic Reform Party (11), the DSP (8), the JNP (4) and the Sport Party (2). The Goken Liberal no Kai consists of members who quit or were expelled from the SDPJ [Socialist Democratic Party of Japan]. The ruling coalition compromises the LDP, the SDPJ and New Party Sakigake [Harbinger].

NEC Eyeing Integrated Circuit Plant Overseas

OW0507000594 Tokyo KYODO in English 2324 GMT 4 Jul 94

[Text] Tokyo, July 5 KYODO—Nec Corp. is studying the possibility of constructing a new plant in the United States or Britain to assemble integrated circuits (ICs), the ASAHI SHIMBUN said Tuesday [5 July].

A final decision will be made by this fall, the mass-circulation daily said.

The Tokyo-based electronics giant plans to invest 100 billion yen, according to the newspaper.

The move is in response to robust demand worldwide for microchips and the unabated strength of the yen, which makes NEC's exports more expensive, it said.

NEC plans to churn out 16-megabit and 64-megabit dynamic random access memory (DRAM) semiconductors at the factory in an integrated way, the daily said.

The company is likely to start production in 1996 if things go well, it said.

Company Begins Discount Sales of Imported Cars

OW0107182594 Tokyo KYODO in English 0833 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—An automobile importing company jointly established by 14 auto repair service companies in metropolitan Tokyo on Friday [1 July] started operations for discount sales of imported cars.

The company, the WIC [expansion unkwown] Group, said it imports European- and U.S.-built cars through the Amsterdam-based Shipside Tax-Free World on Wheels B.V.

Prices in Japan are based on the exchange rate of the day when a purchase order is placed, WIC said.

WIC expects to sell, for example, a German-built Mercedes-Benz E320 sedan at about 6 million yen, 15 percent lower than the price charged by the official import agent for the car.

Customers may place orders through the repair agents, which keep car catalogs, WIC said.

Sales of Imported Vehicles Rose 42.9 Percent

OW0607031894 Tokyo KYODO in English 0246 GMT 6 Jul 94

[Text] Tokyo, July 6 KYODO—Sales of imported vehicles climbed 42.9 percent in June from a year earlier to 29,725, a record for the month, the Japan Automobile Importers Association reported Wednesday [6 July].

The June increase represents the eighth straight monthly gain and brought cumulative sales in the first half of this year to 137,966, up 40.3 percent from a year earlier, the association said. Sales of passenger cars alone in June rose 32.9 percent to 26,884, as both subcompact and larger models registered gains.

Sales of subcompact passenger cars with engines of up to 2000 cc rose 6.2 percent to 7,514, while sales of larger cars shot up 47.2 percent to 19,370. Sales of trucks, including sports-utilities vehicles, soared 403.0 percent to 2,837.

Sales of imported vehicles made at Japanese factories abroad jumped 92.3 percent to 8,934, bringing the first-half sales in this category to 35,158, up 63.4 percent from the same period last year.

Reports on Issues Related to Rice Continue

Australian Rice To Go on Sale

OW0707124494 Tokyo KYODO in English 1118 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—About 50,000 tons of newly harvested Australian rice will be sold to wholesalers throughout the country next Tuesday, the Food Agency announced on Thursday [7 July].

Agency officials said they hope the supply of Australian rice, both medium- and short-grain types, will prevent Japanese farmers from offering early harvested rice to the tacitly recognized but unauthorized free market.

The officials said the sale of Australian rice will be concentrated in July and August.

Thai Rice Prices Falling

OW0407122494 Tokyo KYODO in English 1213 GMT 4 Jul 94

[Text] Tokyo, July 4 KYODO—The retail price of Thai rice continued to fall in early June, slumping to an average 2,655 yen per 10 kilograms, down 6.0 percent from a month earlier, the Economic Planning Agency said Monday [4 Jul].

The agency said the prices of rice imported from the United States and Australia rose 0.7 percent and 3.0 percent, respectively, while the price of Chinese rice slipped 0.3 percent.

The agency said the price of long-grain rice imported from Thailand has continued to fall since late March, reflecting consumer preference for other kinds of rice.

Surplus Imported Rice

OW0607125094 Tokyo KYODO in English 1128 GMT 6 Jul 94

[Text] Tokyo, July 6 KYODO—The Food Agency will trade surplus imported rice for domestic rice earmarked for processing in October, agency officials said Wednesday [6 Jul].

The officials said about 50,000 to 100,000 tons of rice imported from Thailand and other countries will be unsold and left in government stock.

They said the surplus imported rice will be exchanged for rice for processing use, delivered by growers to the National Federation of Agricultural Cooperative Associations (Zenno).

The price gap between domestic and imported rice will be covered by the government's 4 billion yen fund set aside as a subsidy for the promotion of rice distribution, they said.

Zenno will sell imported rice to food processing firms while the government will convert the rice for processing use to table consumption.

Making Agriculture Larger-Scale

OW0307071494 Tokyo KYODO in English 0702 GMT 3 Jul 94

[Text] Tokyo, July 3 KYODO—The farm ministry plans to expand a system to buy up farmland from people who have stopped or scaled back farming in order to make Japan's agriculture more efficient, ministry officials said Sunday [3 July].

The Agriculture, Forestry and Fisheries ministry also plans to create a system of low-interest loans to purchase farmland held as collateral, the officials said.

The ministry plans to offer up to 10 billion yen in loans, with a maximum in each case of 15 million yen at 2 percent annual interest.

Farm corporations backed by local prefectural governments now buy farmland on a temporary basis to sell later to large-scale farmers, or lend for a fixed period of time before sales to farmers.

Under the current system, however, it is difficult for the corporations to hold the purchased farmland until they find buyers.

The ceiling for ministry loans to farm corporations in fiscal 1994 is set at 85.6 billion yen, and repayment of interest is assisted for five years after the purchase of farmland.

The ministry plans to increase the loans to 150-200 billion yen and extend the interest assistance period to 10 years, the officials said.

The ministry will ask for budgetary appropriations for those measures in fiscal 1995 in line with a report to be submitted this month by the Agricultural Administration Council, an advisory panel to the prime minister, they said.

Large-Scale Farming Unpopular

OW0707084694 Tokyo KYODO in English 0836 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—A government program designed to promote large-scale rice farmers has turned out to be unpopular among farmers, government officials said Thursday [7 July].

Under the program, officially approved rice farmers are given tax breaks and low-interest loans for rice production, but the number of such farmers stood at only 209 at the end of May, they said.

Local and municipal governments approve such farmers when their production and cost-cutting targets for a five-year period are satisfied.

Under new legislation on agricultural development that took effect last August, the Ministry of Agriculture, Forestry and Fisheries is looking to see the number of such officially approved farmers to total some 400,000 by the year 2000.

Ministry officials said the discouraging results of the program may indicate that some local governments are negative toward it and making few promotion efforts.

They also noted there may be many farmers preparing to submit their production and related targets for the tax break status and other privileges given under the program.

But one official pointed to the need to add more benefits for officially approved farmers to encourage greater numbers.

Panel Deciding on Rice Prices

OW0607145694 Tokyo KYODO in English 1430 GMT 6 Jul 94

[Text] Tokyo, July 6 KYODO—An advisory panel proposed Wednesday [6 Jul] that the agriculture ministry make an adequate decision on prices at which the government will buy rice grown this year by taking into account three conflicting views, officials said.

The officials said the proposal was made by the Rice Price Council in a report submitted to Agriculture, Forestry and Fisheries Minister Taichiro Okawara.

The report left to the discretion of the ministry which one to choose among calls for a raise, reduction or freeze on rice prices, the officials said.

The report was in response to a request by Okawara to the council earlier in the day to come up with a recommendation on the ministry's plan to freeze the standard price of rice at which the government purchases from growers this year at 16,392 yen per 60 kilograms.

Okawara, commenting on the council's report, said the ministry's intention to keep rice prices unchanged this year was accepted as a whole.

He said the government will formally decide on a freeze at a cabinet session Thursday.

It will be the third straight year of freezes on the government's rice purchase price.

Mamoru Sawabe, chairman of the council, told reporters most members of the panel "passively" supported the freeze, because none of the three ideas was dominant.

For the second year in a row, the council failed to come up with a clear-cut recommendation on rice prices.

Farmers, however, will receive a de facto raise in rice prices because the government has increased the amount of subsidies to farmers to 28.5 billion yen this year.

The council also called for a comprehensive review of the controversial Food Control Law which allows the government to keep rice under its control, the officials said.

The farm ministry intended to reduce rice prices this year to narrow the wide gap between domestic and overseas rice prices, ministry sources said.

However, the three governing coalition parties—the Liberal Democratic Party, Social Democratic Party [of Japan] and New Party Sakigake [Harbinger]—pushed for a hike in rice prices, saying the poor harvest last year should be taken into consideration.

Price Freeze Recommended

OW0607023894 Tokyo KYODO in English 0214 GMT 6 Jul 94

[Text] Tokyo, July 6 KYODO—Agriculture, Forestry and Fisheries Minister Taichiro Okawara asked his advisory body Wednesday [6 July] to recommend a freeze on prices at which the government will buy rice grown this year, while raising the subsidies for farmers, government officials said.

The request follows an agreement reached between the government and the three ruling coalition parties earlier in the day to keep the standard price of a 60-kilogram bale of rice unchanged at 16,392 yen. The accord also calls for raising subsidies for rice farmers by 70 percent to a total of 28.5 billion yen. This translates into a 3.9 percent rise in the farmers' average income from rice.

The Rice Price Council is expected to recommend in the afternoon the rice price freeze and higher subsidies in line with the accord.

The Farm Ministry tried to pull down the rice price this year, in order to promote international competition and to shrink the wide gap between domestic and overseas prices of rice. This is in keeping with an agreement last December in the Uruguay round talks for freer world trade held under the General Agreement on Tariffs and Trade.

The three coalition parties, the Liberal Democratic Party, the Social Democratic Party [Social Democratic Party of Japan—SDPJ] and New Party Sakigake, however, pushed for a hike in the price, saying last year's poor harvest needed to be taken into account. The decision to freeze the price was a compromise.

Government To Freeze Price

OW0707085194 Tokyo KYODO in English 0842 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—The government formally decided Thursday [7 July] to freeze the price paid to rice farmers for the 1994 harvest for the third year in a row, officials said.

The price freeze put the so-called producer rice price at which the government purchases rice from farmers at 16,392 yen per 60 kilograms.

The government had been trying to lower the producer rice price from a budgetary viewpoint, but was forced to yield to pressure from lawmakers from rice growing areas lobbying for rice farmers calling for a higher price.

Rice Subsidies To Rise

OW0607011694 Tokyo KYODO in English 0059 GMT 6 Jul 94

[Text] Tokyo, July 6 KYODO—The government and the three ruling coalition parties agreed early Wednesday [6 July] to freeze the prices at which the government will buy rice grown this year, while raising the subsidies for farmers, government officials said.

The standard price of a 60-kilogram bale of rice will stay at 16,392 yen, while subsidies will be raised by 70 percent to 28.5 billion yen, the officials said. This translates into a 3.9 percent rise in the farmers' average income from rice.

Agriculture, Forestry and Fisheries Minister Taichiro Okawara will ask the Rice Price Council on Wednesday morning to recommend the proposed price and subsidy levels.

The council, an advisory body to the farm minister, is likely to do so when it issues its report in the afternoon, the officials said. The standard rice price thus would be kept unchanged for the third consecutive year.

The farm ministry tried to pull down the rice price this year, in order to promote international competition and to shrink the wide gap between domestic and overseas prices of rice.

The ministry's wishes for lower rice price stems partly from an agreement last December of the Uruguay round talks for freer world trade held under the general agreement on tariffs and trade.

The three coalition parties, the Liberal Democratic Party, the Social Democratic Party [Social Democratic Party of Japan—SDPJ] and New Party Sakigake, however, pushed for a hike in the price, saying last year's poor harvest needs to be taken into account. The decision to freeze the price was a compromise.

Prime Minister Tomiichi Murayama, commenting on the freeze on the producer rice price and higher subsidies, said the measures are "reasonable." He expressed hope that the measure for this year's rice crop will help invigorate the nation's agriculture.

Finance Minister Masayoshi Takemura, meanwhile, told reporters the measures were "inevitable."

The accord between the government and the ruling coalition parties came in eleventh-hour negotiations which ended in the small hours of Wednesday, Takemura noted.

Chief Cabinet Secretary Kozo Igarashi said the price freeze and sharp hike in subsidies are exceptional measures aimed at spurring the harvesting of early grown rice in view of the shortage of rice due to poor havests last year.

Consumers Suing Government

OW0607012694 Tokyo KYODO in English 0106 GMT 6 Jul 94

[Text] Tokyo, July 6 KYODO—A group of consumers and rice farmers said Wednesday [6 July] it will file a suit against the government this fall over regulations on rice production, demanding the government suspend subsidies to promote a cut in rice paddies.

The group said the government's regulations on rice production are behind last year's rice shortage and brought damage to both rice farmers and consumers.

The suit will be the first of its kind against the government policy of reducing rice paddies, which involves subsidies to farmers who abide by the policy.

An official at the Ministry of Agriculture, Forestry and Fisheries declined to comment on the suit, saying he has not read it.

In the suit, the group also calls for suspending penalties against rice farmers who do not follow the government's policy and demands damages, saying that such penalties infringe on human rights.

Rice Subsidies Criticized

OW0607075594 Tokyo KYODO in English 0731 GMT 6 Jul 94

[Text] Tokyo, July 6 KYODO—Freezing the government purchase price for this year's rice is "fine," but it would be a "pretense" if subsidies to farmers are raised in turn, Takeshi Nagano, head of the Japan Federation of Employers' Associations (Nikkeiren), said Wednesday [6 Jul].

The government and the coalition parties agreed earlier in the day to boost subsidies to rice growers by 70 percent, while keeping the so-called producer price for a standard 60 kilograms bought by the government this year unchanged from last year at 16,392 yen.

"I am worried," Nagano said, adding that reforms could be moving backward.

Nagano said the rice price should come down like other prices in general. Its production cost is declining, he added.

Meanwhile, Nagano was uneasy about the recent appreciation of the yen and its potential impact on employment conditions in Japan.

Japan's nominal wage will become extremely high if the dollar remains below 100 yen and that could trigger a quick increase of the jobless rate, he said.

Expansion of Farm Restructuring Project Studied

OW0107190994 Tokyo KYODO in English 1218 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—The government will consider expanding its 10-year program for restructuring Japan's agriculture, the new farm minister said Friday [1 July].

Agriculture, Forestry and Fisheries Minister Taichiro Okawara said in an interview with KYODO NEWS SERVICE that the government will also consider front-loading the fourth land improvement program, for which 41 trillion yen has already been appropriated.

The program was implemented in fiscal 1993 to improve Japan's farm productivity following a government agreement at the Uruguay Round of global trade talks last year to partially open the nation's rice market.

Okawara mentioned expansion of the project in connection with the Uruguay Round agreement, which will come up for Diet ratification this fall.

He also indicated his ministry will limit its budgetary requests for fiscal 1995 within the "budget ceiling" but seek additional appropriations under the fiscal 1994 supplementary budget.

Farm organizations nationwide have been demanding an increase in farm-related appropriations for fiscal 1995.

Deregulation in Home-Building Industry Needed

OW0707131094 Tokyo KYODO in English 1105 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—The cost of building a home in Japan is twice as high as in the United States, the Construction Ministry said Thursday [7 July].

A ministry study made in May estimated the cost of building a two-story wooden home with floor space of 164 square meters in the suburbs of Seattle, Washington, at 139,480 dollars, or 15.48 million yen at the exchange rate of 111 yen to the dollar at that time.

The cost of building a similar home in Sendai, northern Japan, was estimated at 28.47 million yen, 1.84 times the U.S. cost.

At the present exchange rate, the Japanese cost would be 2.04 times higher, the ministry said.

The ministry conducted the study in connection with its plan to cut the Japanese home-building cost to two-thirds the present level by fiscal 2000.

The ministry said strong replacement needs for homes in the U.S. have contributed to standardization and cost reduction for housing materials.

In Japan, most homes are built to order and this has caused a delay in standardization, the ministry said.

The ministry said a deregulation for the home-building industry and an improvement of the home-building and marketing system are needed to cut costs in Japan.

Review of Public Works Program Delayed

OW0207091394 Tokyo KYODO in English 0850 GMT 2 Jul 94

[Text] Tokyo, July 2 KYODO—The government will delay a decision on the specifics of the planned expansion of the current 10-year public works program, government sources said Saturday [2 July].

The sources said the government will determine the scale of a revised public works program after the July 8-10 summit meeting of the Group of Seven (G-7) major industrialized countries.

They said the delay has been forced by the birth of a new government and growing prospects that the tax reforms that had been studied under the previous government featuring a raise in the consumption tax rate will be shelved.

"How can we decide the size of the program when there are no financial sources ensured to finance it," a government source said.

The government had planned to overhaul its 430 trillion yen public works program for the current decade and draft a new program totaling 500-600 trillion yen that starts in fiscal 1995.

The revised plan, along with an extended tax reduction, is the centerpiece of Japan's economic-boosting program Japan had planned to unveil at the G-7 summit in Naples.

Finance Minister Masayoshi Takemura said it will be impossible to do more than explain Japan's willingness to boost its social infrastructure at the upcoming summit.

Minister 'Strongly' Opposes More NTT Splits

OW0107154494 Tokyo KYODO in English 1455 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—The new telecommunications minister on Friday [1 July] expressed strong opposition to any further division of telecommunications giant Nippon Telegraph and Telephone Corp. (NTT).

Posts and Telecommunications Minister Shun Oide, a member of the Social Democratic Party [of Japan], clearly stated his stand on the issue in an interview with KYODO NEWS SERVICE.

NTT was privatized in 1985, and in 1990 the government called on the company to spin off its mobile telecommunications service division to step up fair competition in the telecom service market.

Despite privatization, NTT is still nearly two-thirds owned by the government.

The government is expected in fiscal 1995 to again study a proposal to have NTT spin off its long-distance telecommunications division.

Panel To Stiffen Penalties in Copyright Law

OW0407101994 Tokyo KYODO in English 0926 GMT 4 Jul 94

[Text] Tokyo, July 4 KYODO—The Agency of Cultural Affairs commissioned a panel of experts Monday [4 Jul] with sketching out punitive provisions to stiffen the current copyrights law to prevent the piracy of copyrights of authors, composers and computer programmers, agency officials said.

To this end, the agency affiliated with the Education Ministry set up a special task force inside the first subcommittee of the agency's Copyright Council, the officials said.

The new panel will come up with its recommendations to amend the current law for approval by a next regular Diet session, which will convene its session next January, they said.

The panelists will be asked to consider the wisdom of creating a provision that would empower a court to order copyright offenders to submit accounting records to enable the copyright holders to calculate financial damages incurred as a result of the piracy, the officials said.

They will be also asked to consider a proposed increase in the maximum amount of legal fines, from the current 1 million yen, imposed on copyright offenders.

At present, the 1,300-member Japan Association of Authors, headed by novelist Kiyoshi Obayashi, and the Japan Society for the Rights of Authors, Composers and Publishers are lobbying the government to enact the proposed stiffening of the law.

The panel will also discuss a proposed insertion into the law of a clause that would define as illegal the manufacturing and marketing of a sophisticated machine to neutralize a preventive program designed to block illicit duplication of computer and video programs, the officials added.

Nosaka To Seek Public Service Rate Hike

OW0707082994 Tokyo KYODO in English 0814 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—New Construction Minister Koken Nosaka says he seeks to shortly set a timetable for public service rate hikes following the expiration of the current freeze in effect until year-end.

In an interview with KYODO NEWS SERVICE, Nosaka said, "we will stick to the freeze until the end of the year, but we are hearing a number of requests from local governments for early starts on highway construction projects."

"We had better go ahead with the procedures for granting rate increases so that we can start construction projects immediately after the freeze is lifted," he said.

Then Prime Minister Tsutomu Hata imposed in May a sweeping cap on proposed public service rate hikes, such as taxi fares and highway tolls, in response to public criticism of adoption of such rate increases in the midst of a lingering recession.

In Japan, the construction of highways is financed by revenue from toll fees, and the freeze put a halt to such projects.

"We need to decide when to allow rate hikes before long," said Nosaka, a Social Democratic Party legislator.

The construction minister also pointed the need for an overall review of public works projects.

Public protests are becoming increasingly vocal nationwide against some public works projects, in particular the ecologically harmful construction of dams.

"I believe we need a sweeping review of public works projects. We need to have the full understanding and support of the people for such projects."

"If there are so many problems, we must consider creating a special independent organization for the task," he said.

On the ongoing reform of the bidding system for public works projects, Nosaka only said he will keep tabs on the effects of the steps being taken.

The government has introduced open bidding for some public works in response to criticism that the traditional designated bidding system has been a hotbed for bribery and collusion among construction companies and politicians.

"To be blamed are the contractors who ask politicians to pull strings over those who give orders."

"I will meet with industry leaders to ask them to change this mind-set in their businesses," he said.

Current Account Surplus Down 6.7 Percent

OW0407071194 Tokyo KYODO in English 0647 GMT 4 Jul 94

[Text] Tokyo, July 4 KYODO—Japan's current account surplus in may fell an unadjusted 6.7 percent from a year earlier to 8.72 billion dollars, the Finance Ministry said Monday [4 July] in a preliminary report.

The politically sensitive trade surplus, the major component of the current account surplus, fell 11.1 percent on a contract settlement basis in May to an unadjusted 8.84 billion dollars, with exports rising 4.8 percent to 27.41 billion dollars and imports rising 14.7 percent to 18.57 billion dollars.

Trade in services showed an unadjusted surplus of 56 million dollars, the ministry said.

Foreign Reserves Hit Record High

OW0107082794 Tokyo KYODO in English 0816 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—Japan's foreign exchange reserves soared 4.56 billion dollars in June to hit a record for the fourth month in a row, the Finance Ministry said Friday [1 July].

The all-time high of 111.46 billion dollars was partly attributable to the continued active buying of dollars in the currency markets by the Bank of Japan [BOJ] to stem the yen's rise against the U.S. currency.

The June rise also represented the eight consecutive month-to- month increase, the ministry said.

The foreign reserves include convertible foreign currencies, gold and international monetary fund special drawing rights.

The monthly growth was the highest so far this year, a ministry official said, while declining to comment on details and reasons for the change in the foreign reserves.

Market experts closely follow fluctuations in foreign reserves as evidence of central bank intervention, and dealers said the BOJ continued to buy billions of dollars in June to stop the yen's rise.

The official said the dollar started the month at 104.74 yen and ended at 98.95 yen in Tokyo dealings, ranging from 105.48 posted on June 6 to 98.75 yen marked Wednesday.

He said the range of 6.73 yen was the second widest for this year, following a range of 7.26 yen in February.

Japan remained the world's largest holder of foreign reserves for the eighth month in a row, amassing 104.6 billion dollars as of April, the most recent comparable figures with other nations except for Taiwan which showed March reserves, the official said.

Taiwan came in second with reserves of 87.5 billion dollars, followed by Germany with 85.7 billion dollars. The United States posted 78.5 billion dollars and Spain 42.4 billion dollars.

Think Tank Survey Shows Business Mood Improving

OW0707084494 Tokyo KYODO in English 0746 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—Business sentiment is improving but the yen's recent sharp rise remains a cause for concern, a private think tank said Thursday [7 July] in a survey.

Both economic and business assessments for the April-June quarter improved sharply for the third quarter in a row, and economic assessments turned to the positive column for the first time in four years, Sanwa Research Institute said in a "tankan" quarterly survey.

But a recovery is yet not seen in labor conditions, and uncertainties remain over the impact of the yen's rise after the survey was concluded on June 30, the institute said.

The dollar started tumbling in late June to hit a postwar low of below 100 yen, and has been hovering around 100 yen since then.

The June business sentiment survey covered some 8,000 firms, with about 2,800 firms, or 35.1 percent, responding.

Referring to about 215 firms responding after the yen's record- breaking rise started, Sanwa chief economist Tatsuo Yasukawa said they did not revise downward their assessments so much.

The economy is unlikely to repeat last year's setbacks from the yen's rise if the dollar moves to around 100 yen, but recovery will be slowed, he said, predicting economic growth of about 1 percent for the current fiscal year.

The survey said the diffusion index of economic assessments came to minus 10 for the April-June quarter, sharply improving from the previous minus 27, and that for the next quarter stood at plus 20.

The index of business sentiment came to minus 27 for the latest quarter, up from minus 35, improving further to minus 5 for the next quarter.

The figures are the difference in percentages between those answering positively and those responding negatively.

Assessments turned better for inventories and improved for the second consecutive quarter for production although both still remained excessive.

But the index for excessive labor forces stood at 17, unchanged from the previous quarter and remaining excessive for the seventh quarter in a row.

North Korea

Results of N-S Telecommunications Meeting Noted

SK0707120194 Pyongyang Korean Central Television Network in Korean 1127 GMT 7 Jul 94

[Text] In connection with the fact that the historical North-South top-level Pyongyang talks [choegowikup pyongyang hoedam] will be held on 25 July, a working-level telecommunications contact of both sides for the North-South top-level talks was held behind closed doors on 7 July at the South side of Panmunjom, in accordance with the working-level procedural agreement which was adopted at the 2 July delegates contact.

Three working-level telecommunications officials from the North and South each took part in the contact. At the contact, both sides discussed concrete working-level telecommunications issues—including the issue of live television coverage, the issue of using a North-South direct telephone line, and the issue of using portable satellite telephones—to successfully guarantee the North-South top-level talks which will be held in Pyongyang. Agreements were made on many issues.

It was decided that some of the issues that were not agreed upon will be continuously discussed at the Pyongyang working-level officials contact which will be held from 13 July.

Commentary on Planned N-S Summit Continues

Chinese, Russian Officials Comment

SK0707020194 Pyongyang Korean Central Broadcasting Network in Korean 0800 GMT 6 Jul 94

[Text] Various countries are actively welcoming the holding of the upcoming North-South top-level talks [choegowikup hoedam].

In a press conference with Austrian reporters on 1 July, Li Peng, premier of the State Council of China, wished the success of the North-South top-level talks.

At a weekly news briefing on 30 June, a spokesman for the Chinese Foreign Ministry touched on the holding of the talks, expressing his welcome of the talks. He said: The reality is that only dialogue and talks are the best ways to solve issues. I believe that the two sides concerned can achieve progress if they conduct the talks with patience.

At a new briefing held at his ministry on 30 June, the director of the Information and Press Bureau of the Russian Foreign Ministry—who is also a spokesman for the ministry—said that the Russian side had invariably called for the development of dialogue between the North and South. He hoped that Korea would be reunified at an early date in a peaceful and democratic way in accordance with the will of the Korean people themselves.

In a 29 June press conference, a spokesman for the Romanian Foreign Ministry supported the holding of the talks, saying that the Romanian Foreign Ministry expressed satisfaction with the positive development of the situation on the Korean peninsula.

A spokesman for the U.S. State Department said that the North- South top-level talks would be an unprecedented event and a landmark on the road to national harmony. Robert Gallucci, a senior assistant to the President and chief delegate of the U.S. side to the Korea-U.S. talks, also welcomed the holding of the North-South top-level talks.

Foreign Presidents Welcome Summit

SK0307084094 Pyongyang KCNA in English 0820 GMT 3 Jul 94

["Foreign Presidents Hail Expected North-South Summit"—KCNA headline]

[Text] Pyongyang, July 3 (KCNA)—Presidents of different countries welcomed the expected top-level talks between the North and the South of Korea when they received the DPRK ambassadors to their countries recently.

Zimbabwean President Robert G. Mugabe said:

"We warmly welcome the North-South top-level talks which have been made possible by the consistent efforts of the Democratic People's Republic of Korea guided by the great Comrade Kim Il-song and dear Comrade Kim Chong-il."

"The United States can never solve the nuclear issue on the Korean peninsula by means of pressure or 'sanctions' and any pressure and 'sanctions' do not work on Korea," he noted.

Zambian President Frederick J. T. Chiluba said that the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il, supreme commander of the Korean People's Army, are symbols of the third world.

"The third world countries," he noted, "are greatly encouraged by the achievements made by the DPRK in different domains of social life."

"We warmly hail the agreement on holding the North-South top-level talks, regarding it as a historical event, and sincerely hope for an early peaceful reunification of Korea", he stressed.

Madagascan President Zafy Albert wished an early reunification of Korea and welcomed the DPRK-U.S. talks and the North-South top-level talks.

Koreans in Japan Welcome Summit

SK0607105994 Pyongyang KCNA in English 1043 GMT 6 Jul 94

[Text] Pyongyang, July 6 (KCNA)—Korean residents in Japan are warmly supporting the forthcoming top-level talks between the North and South of Korea.

Kim Yong-chol, vice-chairman of the Higashinari, Osaka prefecture, branch of the General Association of Korean Residents in Japan (Chongnyon), said it is very gratifying that an agreement was reached on holding inter-Korean summit talks. A prospect is opening for a new chapter in national history to replace the history of division with a history of reunification, under the wise guidance of the great leader Generalissimo Kim Il-song and the dear leader Marshal Kim Chong-il who turn adversity into bliss.

Ryu Pon, chairman of the Shiki chapter of the southwest, Saitama prefecture, branch of Chongnyon, warmly supported the summit which will create a new great history of the nation by replacing nearly half a century long antagonism with great national unity, confrontation with peace, and division with reunification.

"I feel how broad the great leader's magnanimity is in his willingness to meet and talk with anyone who wants reunification," Ryu Pon said. "I firmly believe that when we trust only the leader and observe the principles of independence, peaceful reunification and great national unity, we will scale the peak of reunification and prosperity desired by the entire fellow countrymen."

O Chong-song, director of the general affairs department of the Aomori Prefectural Association of Korean Traders and Industrialists in Japan, said: "Thanks to the guidance of the great leader, the situation has shifted to its right track of peace, and we now see a bright prospect of national reunification, the cherished desire of the nation, on the threshold of a tragic fratricidal war."

Japan-Based Newspaper Comments

SK0707103394 Pyongyang KCNA in English 1013 GMT 7 Jul 94

[Text] Pyongyang, July 7 (KCNA)—MINJOK SIBO, a Koreans' newspaper published in Japan, July 1 sincerely welcomed together with the 70-million nation the opening of the North-South top-level talks agreed on at the preliminary contact for the inter-Korean summit talks on June 28.

It expressed the hope that the talks would become one which entirely serves the attainment of national reunification and the building of peace on the Korean peninsula. In order to improve North-South relations and pave the way of reconciliation and reunification, it is necessary to give up the "cooperation system" with the outside forces and give precedence to the national stand, the interests of the nation, the paper said.

The paper ardently wished the long-awaited talks would bear a precious fruit and give hope and joy of reunification to all the fellow countrymen who are fervently longing for national reunification.

More on MINJOK SIBO Article

SK0707005694 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 6 Jul 94

[Text] MINJOK SIBO, a newspaper published by Koreans in Japan, carried in its 1 July issue, an article under the title of "We Welcome South-North Summit Talks [nambuk chongsanghoedam]." The newspaper wrote that together with the 70 million fellow countrymen, it sincerely welcomes the agreement reached at the 28 June preliminary contact for North-South top-level talks [puknam choegowigup hoedam] on holding top-level talks, and pointed out: The expectation of 70 million fellow countrymen toward the Pyongyang talks is very great because of the expectation that it will be the beginning of a fundamental [kunwonjok] solution to the national task which has accumulated for half a century since the country was divided.

The national task is for all to achieve national reunification and to preserve peace on the Korean peninsula. We hope that the upcoming talks will become ones which thoroughly serve this purpose.

Stressing that it is imperative to renounce the system of alliance with outside forces and to give priority to the national position and national interests in order to improve North-South relations and to open the road of reconciliation and reunification, the newspaper noted: Kim Yong-sam said in his inauguration address that no ally can be of more importance than the nation [onu tongmaenggukto minjok poda naulsu opta]. We will keenly watch that his such remarks are implemented in the talks. We ardently hope that the hard-won talks will bear valuable fruit and, thus, bestow the hope and joy of reunification upon all of the fellow countrymen who are thirsting for national reunification so anxiously that every day of waiting seems like a thousand years.

Delegation Issues Statement Upon Geneva Arrival

SK0707043594 Pyongyang KCNA in English 0426 GMT 7 Jul 94

["Arrival Statement of DPRK Delegation in Geneva"—KCNA headline]

[Text] Pyongyang, July 7 (KCNA)—The delegation of the Democratic People's Republic of Korea arrived in Geneva Wednesday for the third round of talks with the United States of America and issued a statement upon arrival.

The statement says:

Both the DPRK and the USA have passed through such a complicated and thorny course of events, before returning to dialogue eventually. We believe that the resumption of dialogue is very fortunate not only for a resolution of the nuclear issue on the Korean peninsula but also for peace and stability in Asia and in the rest of the world.

All the developments that the international community has followed so far with interests bring home a valuable lesson that pressure or threat can never lead to any resolution of our "nuclear issue." We still remain consistent, as before, in our position that dialogue is the only way to resolve the nuclear issue and that dialogue should continue on an equal and unprejudiced basis.

All the outstanding issues between the DPRK and the USA, including the nuclear issue, have originated from misunderstandings and mistrust based on a lack of mutual confidence. We, therefore, believe that when both the DPRK and the USA commit themselves to the common goal of building confidence and engage in negotiations in the interest of better understanding, there will be no reason why this round of talks should not be a fruitful one. Both the DPRK and the USA have to highly value the current round of talks and to work together toward a fruitful and productive dialogue.

At this round of talks, the DPRK delegation will do its level best with patience and tolerance to achieve a package solution to the nuclear issue, thereby measuring up to the expectations and desire of the Korean and American peoples and the world peoples at large. We hope that the USA delegation will respond with its good will by actively joining us in such dialogue efforts.

South's Will for Dialogue Said 'Dubious'

SK0707102994 Pyongyang KCNA in English 1002 GMT 7 Jul 94

["South Side's Will for Dialogue Dubious"—KCNA headline]

[Text] Pyongyang, July 7 (KCNA)—South Korean "foreign minister" Han Sung-chu Tuesday said the third round of DPRK-U.S. talks and the North-South summit "will be the last chance" for a solution to the North's "nuclear issue" and, should the North "promote nuclear development," losing this chance, the international community will seek again "a tough counteraction."

And he, obtrusively enough, driveled that "there is no possibility" of the Japanese Government moving up the establishment of diplomatic relations with the North and the South "cannot accept" the argument of the North for the replacement of the Armistice Agreement with a peace agreement.

NODONG SINMUN today views this as premeditated remarks to put a spoke in the wheel of the third round of DPRK- U.S. talks and spoil the climate of the North-South top-level talks.

The analyst says:

It is the height of folly for him to spin out a string of rubbish about the DPRK-Japan relations and the signing of a DPRK-U.S. peace agreement.

He behaved impudently as if he were a spokesman for the U.S. and Japanese Governments. This is an act of one who does not know his position and hates a favorable turn of the situation of the Korean peninsula.

Such act of freely slandering and insulting the dialogue partner and obstructing the progress of the third round of DPRK-U.S. talks, beclouding the atmosphere of the talks, in disregard of the agreement to create a good atmosphere of the summit, makes people doubt the will of the South Korean authorities for talks.

The South Korean authorities must act properly, pondering over the grave effect of their words and deeds on the expected opening of North-South top-level talks.

ROK 'Military Provocation' in DMZ Alleged

SK0707071494 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 7 Jul 94

[Text] According to a military source, the South Korean bellicose elements on 6 July illegally brought numerous armed hooligans and heavy weapons into the Demilitarized Zone [DMZ] before our eyes, thus perpetrating a military provocation.

At around 1350 [0450 GMT] that day, the bellicose elements brought a 90-mm recoilless gun and 12.7-mm large-caliber machine guns into a military police guard post in the DMZ south of Military Demarcation Line [MDL] marker No. 0410 in front of Kumsan-ni, Chorwon County in the central frontline. Earlier, at 11:40 [0240 GMT] that day, they brought a military truck loaded with a recoilless gun into the DMZ south of MDL marker No. 0571 in the central frontline.

Timed to coincide with this, armed hooligans who hid themselves in military police guard posts, emerged to openly install the recoilless guns and large-calibre machine guns they had brought into the area in combat positions and gravely threatened the safety of our People's Army soldiers by taking aim at them.

On the other hand, approximately 200 armed hooligans wildly ran amok that day in a northward war of aggression exercise by bringing Tow guided weapon into the south boundary in DMZ. They sneaked into the DMZ at the 900-meter point south of MDL Marker No. 0589 in the central frontline and instigated a war atmosphere by wildly running around there.

The armed hooligans whom the South Korean puppets brought into DMZ during the period from 1 to 6 July numbered approximately 2,500, and military trucks numbered over 800.

This is a premeditated and preplanned military provocation of the South Korean bellicose elements to cloud [hurige haryonun] the atmosphere of the long-awaited

North-South top-level talks [choegowikup hoedam] by further straining the situation.

The South Korean bellicose elements should squarely look at the grave consequences that will arise from such military provocations, and should act with discretion.

KCNA Reports on 6 Jul Incident

SK0707112194 Pyongyang KCNA in English 1048 GMT 7 Jul 94

[Text] Pyongyang, July 7 (KCNA)—The South Korean warlikers on July 6 brought a 90 mm recoilless gun and a 12.7 mm machine gun into the Demilitarized Zone (DMZ) in the central sector of the front, installed them at a combat position and gravely threatened the safety of People's Army soldiers, taking a sighting posture. They also brought a military vehicle carrying a recoilless gun, according to military sources.

More than 200 armed bandits who were bent on a war gamble against the North by bringing tow guided missiles up to the southern line of the DMZ that day incited war fever in the DMZ in the central sector of the front.

The South Korean bellicose elements brought more than 2,500 armed bandits and over 800 military vehicles into the DMZ from July 1 to 6.

These are deliberate and premeditated military provocations of the South Korean war-thirsty elements to spoil the atmosphere of the long-awaited North-South top-level talks by aggravating the situation.

They must act with discretion, deeply mindful of the grave consequences to be entailed by such military provocations.

More Reports on Trade Union Strikes in South

SK0607114394 Pyongyang KCNA in English 1111 GMT 6 Jul 94

[Text] Pyongyang, July 6 (KCNA)—The trade union of the Hyundai Heavy Industries Co. held a rally on July 4 and rejected the collective wage negotiation proposed by the management on July 1, a radio report from Seoul said.

The union declared it would stage a seven-hour boycott of work akin to a wholesale strike at most worksites.

The Trade Union of the Ulsan Hyundai Precision Ind. Co. started a two-hour-a-day strike from July 4, declaring the strike would depend on the management side's attitude toward negotiation.

The trade union of the Hyundai Lumber Ind. Corporation held an emergency meeting of representatives on July 4 and is on the point of calling a strike in protest against the management's rejection of the resolution on dispute on July 2.

The Trade Union of the Hanjin Heavy Industries Co. is keeping up its strike in the teeth of the authorities' invocation of "government" power. The unionists' walkout is going on at the Kumho Tyre Co. where "government" power was invoked.

36,800 Tear Gas Canisters Said Fired in South

SK0607110294 Pyongyang KCNA in English 1047 GMT 6 Jul 94

[Text] Pyongyang, July 6 (KCNA)—South Korean police fired 36,800 canisters of tear gas in the first half year to suppress the struggle of workers, farmers, students and other people for independence, democracy, reunification and vital rights, a radio report from Seoul said.

The amount is larger than those fired by police in the whole of last year and more than treble those fired in the same period last year.

Japanese Public Denounces Chongnyon 'Suppression'

SK0707104794 Pyongyang KCNA in English 1029 GMT 7 Jul 94

[Text] Tokyo, July 5 [date as received] (KNS-KCNA)—The Japanese public is denouncing the authorities' suppression of the General Association of Korean Residents in Japan (Chongnyon) and Japan-resident Koreans.

A special resolution was adopted at the 45th regular convention of the Gifu prefectural headquarters of the Japan Social-Democratic Party on June 25.

The suppression of Chongnyon and Koreans in Japan is getting unscrupulous, the resolution noted, urging the Japanese authorities to respect the human rights of Koreans in Japan and actively work for an early normalisation of diplomatic relations with the DPRK.

Kanezaburo Kushima, representative of the Fukuoka Prefectural Council of Japan-DPRK Friendship for the Independent and Peaceful Reunification of Korea, in a statement June 28 strongly demanded the authorities take measures for strictly checking crimes against Koreans in Japan.

The resolution adopted at "evening of Japan-DPRK friendship" held earlier in Matsudo City, Chiba Prefecture, denounced the recent police search as part of the anti-DPRK campaign and the beginning of a wholesale crackdown on Chongnyon.

The national conference of the Liaison Council of Japanese Women for Solidarity with the Korean Women sent letters of protest on June 5 to the Japanese prime minister, the chairman of the National Public Security Commission, the general director of the national police agency and the chief of the Osaka prefectural police headquarters.

At a regular meeting of the Kyoto Prefectural Assembly held on June 28 and 29, representatives of the Japan Social-Democratic Party, the Liberal Democratic Party, the Komei Party and other political parties demanded an apology of the chief of the Kyoto prefectural police headquarters.

Reports, Speeches Presented

SK0507103294 Pyongyang KCNA in English 1003 GMT 5 Jul 94

[Text] Pyongyang, July 5 (KCNA)—Japanese public denounced the authorities' suppression of the General Association of Korean Residents in Japan (Chongnyon) and Japan-resident Koreans.

A meeting was held at Dietmen's Hall No. 2 of the House of Representatives of Japan on June 24 to hear a report from a joint fact-finding group on the search of the Kyoto prefectural headquarters of Chongnyon.

Masanori Koto, member of the House of Representatives and head of the joint fact-finding group of the Japan Social-Democratic Party, made a report, followed by speeches.

The reporter and speakers branded the search as an "investigation for extra purpose" committed under the pretext of "violation of the National Land Law," and urged the police authorities to apologize to Chongnyon for that.

An appeal demanding a reflection and apology of the police was adopted.

About ten organisations of Japan including the Nerima Society thinking of "Foreigner Registration Law" scattered leaflets in Tokyo on June 26, calling for preventing the recurrence of assaults on Korean students. [sentence as received]

A resolution, protest, request, appeal, recommendation and other documents were adopted at the Fukaya City Assembly, Saitama prefecture, the Katsushiga-ku Assembly, Tokyo metropolis, and other organisations.

The representative of the Japan Women's Democratic Club sent a letter of protest to the prime minister and the general director of the National Police Agency of Japan. The chairman and the secretary general of the Tokyo Metropolitan Assemblymen's League for the Promotion of Japan-Korea Friendship visited the Tokyo metropolitan police office and demanded that the personal safety of Korean students in Japan be guaranteed.

Japan Urged To Revise School Textbook Entries

SK0707105694 Pyongyang KCNA in English 1033 GMT 7 Jul 94

["Japan Must Take Honest Stance"—KCNA headline]

[Text] Pyongyang, July 7 (KCNA)—The Education Ministry of Japan issued a directive some time ago to understate the total number of the "comfort women" who were forced to sex service for Japanese soldiers and not to clarify the number of the kidnapped women in high school textbooks, which are to be used across Japan from April 1995.

This shows Japan still intends to beat around the bush, unwilling to admit the criminal facts about the forcibly drafted "comfort women", says NODONG SINMUN in a commentary today.

The news analyst notes:

Japan talks about "repentance" and "apology" in an attempt to avoid protest at home and abroad. But it is no more than a gesture.

In early May the then Justice Minister Nagano said "sex service in those days was a permitted prostitution" and that "it cannot be said today to have been an insult to women and discrimination against Koreans."

This is the true self of the Japanese reactionaries. They do not have the least intention to resolve the "comfort women" problem. They only seek to turn Japan into a military power and a nuclear power and repeat the aggression of the past.

It is not fortuitous that Asian peoples are watching with vigilance Japan that is preoccupied with building a military power and nuclear power without liquidating the past.

Japan's attempt to conceal the past crimes, not admitting them, will be unfavourable to Japan.

Japan must liquidate her past wrong first of all.

Light-Industry Delegation Departs for China

SK0707112094 Pyongyang KCNA in English 1045 GMT 7 Jul 94

[Text] Pyongyang, July 7 (KCNA)—The first Korean friendship visiting group led by Kang Sun-hui, vice-chairman of the State Light Industry Commission, left here today to visit China.

The group was seen off at Pyongyang Railway Station by Kim Paek-son, director of the National Directorate of Tourism, and a councillor of the Chinese Embassy in Pyongyang.

Meeting Marks DPRK-Russia Treaty Anniversary

SK0707044494 Pyongyang KCNA in English 0431 GMT 7 Jul 94

[Text] Pyongyang, July 7 (KCNA)—A friendship meeting was held at the Russian Embassy in Pyongyang Wednesday on the occasion of 33d anniversary of the signing of the Korea-Russia Treaty of Friendship, Cooperation and Mutual Assistance.

Present there were Yi In-kyu, vice-minister of foreign affairs, Cho Won-myong, vice-chairman of the State External Economic Affairs Commission, and Yi Pong-hui, vice-chairman of the Radio and TV Broadcasting Committee of the Democratic People's Republic of Korea and chairman of the Korea-Russia Friendship Association, and other officials concerned.

Also present were Russian Ambassador Yuri Fadeyev and embassy officials.

Speeches were made at the meeting.

Czechy-Morava Communist Party Head Novak Visits

SK0607215194 Pyongyang KCNA in English 1501 GMT 6 Jul 94

[Text] Pyongyang, July 6 (KCNA)—Vratislav Novak, secretary of the C.C. [Central Committee], the Czechy-Morava Communist Party, who visited Korea leading a delegation, told KCNA here that he was deeply moved to see grand monumental edifices built by the Korean people under the wise leadership of the Workers' Party of Korea and the great leader Comrade Kim Il-song. Saying he was deeply impressed by Pyongyang, he noted Pyongyang, that was leveled with the ground in the war, has turned into a beautiful and wonderful city of first class in the world in a short time.

"I was greatly moved also by the noble traits of the dear leader Comrade Kim Chong-il with strong will, tested leadership ability and matchless grit and I could felt everywhere I went that chuche idea was being successfully applied to social life in Korea," he said.

A member of the delegation Martin Dohnal said that Korea has all conditions necessary for youths and children to get versatile knowledge and talent.

"During the visit, I could see at first hand that the great leader Comrade Kim Il-song's idea of independence has been materialized in Korea," he said.

Photo Exhibit Marks Belarus Anniversary

SK0307083894 Pyongyang KCNA in English 0816 GMT 3 Jul 94

[Text] Pyongyang, July 3 (KCNA)—The Korea-Belarus Friendship Association opened a photo exhibition and a film show in Pyongyang Saturday on the occasion of the 50th anniversary of the liberation of Belarus from the German fascists.

Present there were Pyon Yong-nim vice-president of the National Academy of Sciences and chairman of the Korea-Belarus Friendship Association, other officials concerned and working people in the city.

The participants saw round the pictures on display and appreciated a Belarus feature film.

Envoy Talks With Nicaragua's Daniel Ortega

SK0707100494 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 6 Jul 94

[Text] Daniel Ortega Saavedra, general secretary of the Nicaraguan Sandinist National Liberation Front, received Yi Kwang- nok, DPRK ambassador to Nicaragua, on 1 July.

During the meeting, the ambassador conveyed the great leader Comrade Kim Il-song's and the dear leader Comrade Kim Chong-il's greetings to General Secretary Daniel Ortega Saavedra. The general secretary expressed deep gratitude, and asked the ambassador to convey his sincere greetings to the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il.

The general secretary said that he congratulates the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il who are breaking the deadlock over the crisis on the Korean peninsula through the initiative and wise leadership. He emphasized that he hopes that the North-South top-level talks [choegowikup hoedam] and the third round of DPRK-U.S. talks will be held successfully so that great advances can be made in realizing Korea's independent and peaceful reunification.

Photo Exhibit Marks Mongolia's National Day

SK0707045394 Pyongyang KCNA in English 0433 GMT 7 Jul 94

[Text] Pyongyang, July 7 (KCNA)—A photo exhibition opened and a film show was held in Pyongyang on July 6 on the occasion of the 73rd national day of the state of Mongolia.

Invited there were Mongolian Ambassador to Korea Sh. Gungaadorj and embassy officials.

Finance Minister Yun Ki-Chong who is chairperson of the Korea- Mongolia Friendship Association, Chon Yon ok, vice-chairperson of the Committee for Cultural Relations With Foreign Countries, and working people in the city were present.

Indian Academy Agrees on Scientific Cooperation

SK0607114194 Pyongyang KCNA in English 1108 GMT 6 Jul 94

[Text] Pyongyang, July 6 (KCNA)—An agreement on scientific cooperation was signed between the DPRK National Academy of Sciences and the Indian National Academy of Sciences.

The agreement stipulates joint researches into subjects of common concern and the exchange of scientific documents and information data and scientists between the two academies. It was signed by Kim Kil-yon, president of the DPRK National Academy of Sciences, and S.K. Joshi, president of the Indian National Academy of Sciences.

Vice President Meets Outgoing Indian Ambassador

SK0707111994 Pyongyang KCNA in English 1044 GMT 7 Jul 94

[Text] Pyongyang, July 7 (KCNA)—Vice President Yi Chong-ok today met and had a talk with the outgoing Indian Ambassador to Korea, Shehkholen Kipgen, who paid a farewell call on him at the Mansudae Assembly Hall.

Present there was Vice Minister of Foreign Affairs Cho Kyu-il.

International Solidarity With Korean People Noted

SK0607105694 Pyongyang KCNA in English 1037 GMT 6 Jul 94

[Text] Pyongyang, July 6 (KCNA)—Meetings were held in Pakistan, Zaire, Burundi and Nigeria, a solidarity meeting in Belgium and photo exhibitions, lecture meetings and film shows in Mali, the Czech Republic, Tanzania, Yugoslavia and Cuba in the current month of international solidarity with the Korean people (June 25-July 27).

A DPRK photo exhibition was held at the agricultural general bureau of Cienfuegos Province, Cuba, on June 25.

After going round the exhibition hall, a member of the Central Committee of the Communist Party of Cuba who is also first secretary of the Cienfuegos Provincial Party Committee said the Cuban people are convinced that the Korean people's cause of justice would certainly win.

Friendship between the Cuban and Korean peoples, who are fighting side by side for the victory of the cause of socialism, will be eternal, he added.

J.O. Adeloju, chairman of the Nigerian Committee for Supporting the Peaceful Reunification of Korea, said in his speech at a meeting held in Nigeria on June 21 that the heroic Korean people are dynamically advancing along the road of socialism centred on the popular masses chosen by themselves, undaunted by all challenges and obstructive moves of the imperialists.

Pointing out that the Korean people are living happily in an ideal society, freed from taxes, enjoying free education and free medical treatment, he said:

They are struggling to defend this gratifying system, united ever closer around the great comrade President Kim Il-song and Marshal Kim Chong-il.

A letter and message to President Kim Il-song and Comrade Kim Chong-il were adopted at the meetings held in Pakistan and Burundi.

The participants in the meeting in Zaire adopted a protest letter to the U.S. President.

The meeting in Nigeria was followed by a signature campaign supporting the "10-point programme of the great unity of the whole nation for the reunification of the country".

Kim Il-song Greetings to Venezuelan President

SK0407104994 Pyongyang KCNA in English 1030 GMT 4 Jul 94

[Text] Pyongyang, July 4 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea July 2 sent a message of greetings to President Rafael Caldera Rodriguez on the 183rd anniversary of the independence of Venezuela.

President Kim Il-song in the message wished the president and the people of Venezuela great success in their work for the prosperity and development of the country and expressed the belief that the friendly relations between the two countries would develop further still.

Kim Il-song Greetings to Cape Verde President

SK0407104494 Pyongyang KCNA in English 1029 GMT 4 Jul 94

[Text] Pyongyang, July 4 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of greetings to President Antonio Manuel Mascarenhas Gomes Monteiro on the 19th anniversary of the independence of Cape Verde and the proclamation of its Republic.

President Kim Il-song in the message wished the president and the people of Cape Verde great achievements in their work for the country's prosperity and expressed the belief that the friendly relations between the two countries would develop on good terms.

Kim Il-song Receives Message From Burundi

SK0607042394 Pyongyang KCNA in English 0408 GMT 6 Jul 94

[Text] Pyongyang, July 6 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea received a solidarity message from the interim President of Burundi, Sylvestre Ntibantunganya, on the occasion of the month of international solidarity with the Korean people.

The message reaffirmed full support to all proposals for peaceful reunification put forward by President Kim Il-song including the ten-point programme of the great unity of the whole nation and the confederation formula and to the Korean people's efforts to carry them into effect.

The great leader President Kim Il-song also received a solidarity message from Indrajit Gupta, general secretary of the national council of the Communist Party of India, on this occasion.

The message welcomed the creation of possibility of bilateral negotiation between the DPRK and the USA and inter-Korean summit talks and expressed full support and solidarity for the just struggle of the Workers' Party of Korea.

President Kim Il-song received a solidarity message from Ali Houdou, secretary general of the party of revolution of Benin, supporting the Korean people's cause of defending the dignity of the nation and the sovereignty of the country.

Kim Il-song's 10-Point Plan for Unity Hailed

SK0707111894 Pyongyang KCNA in English 1043 GMT 7 Jul 94

["NODONG SINMUN on Chuche-Based Idea of Great National Unity"—KCNA headline]

[Text] Pyongyang, July 7 (KCNA)—The 10-point programme of the great unity of the whole nation laid down by the great leader Comrade Kim Il-song consummates his chuche-based idea of great national unity and precious achievements and experience gained in the efforts for its materialization, says NODONG SINMUN in a by- lined article today.

The article says:

His idea of great national unity is aimed at firmly building up the internal force of the nation by uniting broad patriotic forces of various strata which share the interests in the struggle for achieving the independence of the nation.

The great leader propounded the chuche-based idea and line of great national unity in the whole course of leading the cause of national independence and won their brilliant victory.

In the period of the anti-Japanese revolutionary struggle, he advanced a unique line of the anti-Japanese national united front by applying the chuche-based idea of great national unity, founded the association for the restoration of the fatherland, an anti-Japanese national united front body, in May 1936 and proclaimed the ten-point programme of the association fully reflecting the common desire and demand of the whole nation.

Shortly after the liberation of the country, he advanced the policy calling upon all the people who love the nation and democracy to closely unite with each other and positively contribute to the building of the country, those with strength dedicating their strength, those with knowledge giving knowledge and those with money donating money. The policy was the banner of unity that enabled all parties, groupings and people of various social strata to fully display their patriotic devotion and creative ability in the building of a new society.

He, with a deep insight into the rapidly changing domestic and international situation entering the 1970s, arranged North-South high-level political talks on his own initiative, laid down the three principles of national reunification—independence, peaceful reunification and great national unity—and had the July 4 joint statement with these principles as its keynote published, opening a bright prospect of the country's reunification and national unity.

Entering the 1990s, the National Alliance for the Country's Reunification (Pomminnyon) was formed and a historical North-South agreement and a joint declaration on denuclearization were adopted and effectuated. These achievements in the efforts for national reunification are a precious fruition of the idea and line of great national unity put forward by the respected leader comrade Kim Il- song. They prove the validity and vitality of the idea and line.

The 10-point programme of the great unity of the whole nation fully embodies the noble intention of the great leader, who has been devoting his whole life to national unity, and the brilliant tradition, experience and undying feats he has gained in achieving great national unity. So, its great vitality is definitely guaranteed as the patriotic political platform and the great charter of national unity.

The chuche-based idea of great national unity is an immortal banner for the accomplishment of the cause of national independence. If the whole nation struggles, harmonized and united with each other, making effective use of the precious tradition and experience in carrying into effect the chuche-based idea of great national unity, national reunification, the supreme task for the nation, will surely be achieved.

Kim Il-song Sends Message to Chongnyon Meeting

SK0707042994 Pyongyang KCNA in English 0408 GMT 7 Jul 94

[Text] Pyongyang, July 7 (KCNA)—The great leader President Kim Il-song sent a congratulatory message to the conference of branch officials of the General Association of Korean Residents in Japan (Chongnyon) today.

President Kim Il-song in the message noted that the Chongnyon branch officials have firmly defended the Chongnyon organisation, courageously repulsing the vicious anti-DPRK, anti-Chongnyon campaign of the reactionaries and successfully fulfilled tasks facing Chongnyon by vigorously rousing the patriotic enthusiasm of compatriots on the forefront of the patriotic work of Chongnyon.

The people in the homeland, he said, will always remember the intense loyalty and hidden efforts of the Chongnyon branch officials in devotedly working for the homeland and the nation.

He said the Chongnyon branch officials must vigorously fight to defend the democratic national rights of the compatriots, gain the legitimate rights of overseas citizens of a sovereign state including the right to national education and resolutely defend them.

The Chongnyon branch officials, he continued, must achieve the unity of the Koreans in Japan under the banner of great national unity, actively wage the movement for the independent and peaceful Reunification of the motherland and strengthen friendship and solidarity with the Japanese people in order to create a favorable international climate for national reunification.

President Kim Il-song expressed the belief that the conference of Chongnyon branch officials would be a milestone in strengthening the grassroots organisations of Chongnyon and developing the movement of Koreans in Japan to a new, higher stage.

Kim Il-song Biography, Vol II Published in Iran

SK0707042694 Pyongyang KCNA in English 0403 GMT 7 Jul 94

[Text] Pyongyang, July 7 (KCNA)—"Kim Il-song Biography" Vol. 2 was recently published by the Tehran Publishing House of Iran.

Printed on the front cover of the book is a picture of the great leader President Kim Il-song in his study.

The words "Events in Korea" and "Chollima from the Building of Democratic Korea" are inscribed on it.

Edited in the book with seven chapters and 35 sections are an appendix, the chronology of the revolutionary activities of President Kim Il-song, pictures showing his revolutionary activities and a Korean map.

Japanese Society To Study Kim Chong-il Works

SK0707042894 Pyongyang KCNA in English 0409 GMT 7 Jul 94

[Text] Pyongyang, July 7 (KCNA)—A meeting for forming the Kagawa Society for the Study of Kim Chong-il's Works in Japan was held in Takamatsu city on June 26.

It elected officials of the society, which was followed by a report of the secretariat.

A letter to the dear leader Comrade Kim Chong-il was adopted at the meeting.

A report on the subject "Let Us Learn From Works of Secretary Kim Chong-il" was delivered.

Guyanese Group Studies Kim Chong-il's Works

SK0607110094 Pyongyang KCNA in English 1046 GMT 6 Jul 94

[Text] Pyongyang, July 6 (KCNA)—An inaugural meeting of the group for the study of Comrade Kim Chong-il's works in Ruimveldt Gardens, Guyana, was held in Georgetown on June 27.

In his speech at the meeting, Robert Williams, chairman of the Guyanese National Committee for the Study of the Chuche Idea of Comrade Kim Il-song, said:

"His Excellency Kim Chong-il, the dear leader, indicates a bright road ahead of mankind with his profound ideological and theoretical activities. He is a prominent thinker and theoretician and the great leader of the world revolution."

Robert Williams was elected chairman of the study group.

A letter to Comrade Kim Chong-il was adopted at the meeting.

Bangladesh Party Head Praises Kim Chong-il

SK0507230594 Pyongyang KCNA in English 1501 GMT 5 Jul 94

[Text] Pyongyang, July 5 (KCNA)—The shining name of dear Comrade Kim Chong-il is a symbol of all progress and development in the Democratic People's Republic of Korea, said Hasanul Huq Inu, general secretary of the Bangladesh National Socialist Party, at a press conference here prior to his departure from the DPRK.

He told reporters:

"Seeing the development of Korea at first hand, I fell to thinking a lot of things.

"Everywhere in Korea, I could see marks of the energetic guidance of the dear leader Comrade Kim Chong-il.

"The dear leader always visits factories and farms in different parts of the country for on-the-spot guidance and wisely guides the overall affairs of the party and the state.

"The development and brilliant achievements in the DPRK are all linked with his august name.

"The Korean people have registered significant achievements in the work to increase the defence capabilities of the country as they have the dear leader as the supreme commander of the Korean People's Army.

"As long as he is the supreme commander of the Korean People's Army, no imperialist aggressors will dare provoke the Korean people and the security of the country will be defended reliably."

Kim Chong-il Sends Thanks to Various Army Units

SK0407043794 Pyongyang KCNA in English 0401 GMT 4 Jul 94

[Text] Pyongyang, July 4 (KCNA)—Comrade Kim Chong-il, Supreme Commander of the Korean People's Army, sent thanks to the soldiers of the Kim Chung-kol Unit of the Korean People's Security Forces, the Ho Chan-ho Unit, the Kim Chong-sik Unit, the Choe Pyong-sun Unit, the Kim Sung-on Unit, the Kim To-u Unit, the Kim Yong-nim Unit, the Cho Yong-kun Unit, the Yu Pyong-yol Unit, the So Ki-tong Unit and other units of the Korean People's Army, who had done good things for the society and the collective.

The soldiers actively helped agricultural working people in spring farming work to increase grain output in hearty response to the party's agriculture-first policy, while creditably discharging their duty for national defence.

They are now hardening their determination to discharge their honorable mission as the army of the leader, the party and the people.

Harmony Between Kim Chong-il, People Lauded

SK0607045494 Pyongyang KCNA in English 0427 GMT 6 Jul 94

["NODONG SINMUN on Harmonious Whole of Leader and People"—KCNA headline]

[Text] Pyongyang, July 6 (KCNA)—The harmonious whole of the dear leader Comrade Kim Chong-il and our people is the greatest strength of our invincible strength, declares NODONG SINMUN in an editorial today.

It says:

The might of the complete whole of the illustrious leader and the people lies in the relationship of unquestioned trust in which the leader believes in the people and the latter trusts and follows the former.

Today in our country all the people say they are blessed with a sagacious leader and Comrade Kim Chong-il says he is blessed with a good people. This shows how absolute the relationship of trust between the leader and the people is.

The might of the harmonious whole of the illustrious leader and the people also lies in the unity in thought and purpose.

In our country the illustrious leader and the people are united in thought and purpose on the basis of one ideology. Comrade Kim Chong-il is guiding our people ideologically by propounding great ideas and theories in compliance with the requirement of the time and the developing revolution. And the people are struggling with fortitude, regarding his ideas and theories as the guideline in their life and struggle and life-giving water.

The might of the harmonious whole also lies in that they form a community of destiny in which they always share the same destiny. The leader of the revolution shapes and protects the destiny of the people, assuming responsibility for it, and the people are a powerful revolutionary force safeguarding the leader.

Comrade Kim Chong-il is triumphantly leading the revolutionary cause of chuche, always assuming responsibility for the destiny of the people, while the latter entrust their destiny entirely to the party and the leader with an unshakable will to always follow them. This sameness of their destiny is the basic factor of the unbreakable harmonious whole of the leader and the people in our country.

It is the greatest pride of our party and people that a harmonious whole of the illustrious leader and the people has been formed.

It is thanks to the harmonious whole of the leader and the people that our party is triumphantly advancing the cause of socialism, smashing the challenges of the imperialists. With this invincible weapon, the harmonious whole, the entire people are full of confidence in the future and victory.

Anniversary of 'Revolutionary Fighter' Marked

SK0707104694 Pyongyang KCNA in English 1010 GMT 7 Jul 94

[Text] Pyongyang, July 7 (KCNA)—July 10 this year is the centennial birth anniversary of Kim Hyong-chik, an indomitable revolutionary fighter.

On this occasion, the Korean people recall with deep emotion the imperishable feats performed by him in the history of the anti- Japanese national-liberation struggle.

Kim Hyong-chik was born 100 years ago into a poor peasant family that regarded patriotism and virtues as its ways. He received patriotic education from his parents and embarked on the road of revolution in his early years with the noble aim of national liberation.

His motto was that the country's independence must be achieved with the nation's own efforts.

With the idea of "aim high" he began his struggle with looking for comrades. He directed primary efforts to uniting his comrades and awakening the masses, with an absolute trust in the people and a staunch spirit of national independence.

Thanks to his energetic activities, the Korean National Association was formed in Pyongyang on March 23, 1917. The purpose of the organisation was to achieve the independence of the country and build a true civilized nation by the Koreans' own efforts. It was the biggest true anti-Japanese underground revolutionary organisation at the time. He rapidly expanded the organisation to broad areas at home and abroad.

He was a great pioneer who switched the course of the anti- Japanese national liberation struggle over to the communist movement from the nationalist movement.

He constantly disseminated progressive ideas among workers, peasants and other broad masses and mobilized them in the revolutionary struggle.

He also directed big efforts to the anti-Japanese armed actions and the work of preventing a possible split in the anti-Japanese movement.

His energetic activities brought the merger of the Hungop group, the Kunbi group and other armed organisations into a new armed organisation called Kukmin group in the autumn of 1921.

Kim Hyong-chik was a patriotic and revolutionary educator who performed shining feats in the education of the young generation. He built full-time schools and night schools in different parts including the Sunhwa school in Mangyongdae and the Myongsin school in Kangdong and educated the students in the consciousness of national independence and trained them to rise in struggle for national independence.

He passed away at his young age in an alien land on June 5, 1926 without seeing the liberation of the country, due to an illness caused by harsh torture and persecution by the Japanese imperialists.

His desire for national liberation and the building of a new society was successfully realised by the great leader President Kim Il-song.

The cause of Korean revolution is being carried forward creditably by the dear leader Comrade Kim Chong-il.

Officials Attend Symposium 7 Jul

SK0707112294 Pyongyang KCNA in English 1059 GMT 7 Jul 94

[Text] Pyongyang, July 7 (KCNA)—A national symposium was held here today to mark the centenary of the birth of Kim Hyong-chik, an indomitable revolutionary fighter.

It was attended by Pak Song-chol, Politburo member of the C.C. [Central Committee], the Workers' Party of Korea [WPK] and vice-president, Yang Hyong-sop, alternate Politburo member of the C.C., the WPK and chairman of the Supreme People's Assembly, Kim Ki-nam, secretary of the C.C., the WPK, officials concerned, officials of party cadre training organs, scientific and educational institutions, officials in charge of revolutionary relics, men of culture and art and the press and officers of the People's Armed Forces and public security men.

The speakers noted that Kim Hyong-chik made the idea of "aim high" his motto in life and struggle and performed imperishable exploits in developing the anti-Japanese national-liberation movement of Korea to a new stage with a staunch spirit of independence, indomitable will, energetic revolutionary activities and tested guidance.

What holds an important place in the enormous exploits performed by him is that he opened the way of switching the course of the development of the anti-Japanese national- liberation movement of Korea to the communist movement from the nationalist movement, the speakers said.

The great exploit of Kim Hyong-chik is that he laid a foundation for developing the national-liberation movement to the stage of armed struggle, the highest form of struggle, on the basis of the staunch spirit of national independence and for militarily guaranteeing the cause of changing the course of the movement from the nationalist movement to the communist movement, they said.

Kim Hyong-chik's far-reaching idea and earnest desire have been brilliantly realised by the great leader President Kim Il-song when he liberated the country and established a socialist system and are being brought into fuller bloom by the dear leader Comrade Kim Chong-il as he is leading the Korean-style socialism centred on the masses along the road of prosperity and development, the speakers stressed.

Chang Chol Attends Art Show

SK0707045294 Pyongyang KCNA in English 0429 GMT 7 Jul 94

[Text] Pyongyang, July 7 (KCNA)—An art show was opened in Pyongyang on July 6 to commemorate the centennial birth anniversary of Kim Hyong-chik, who was an indomitable revolutionary fighter and an outstanding leader of the anti-Japanese national liberation movement of Korea.

Displayed there are 50 pieces of art works such as Korean painting, oil, water colour and embroidery excellently depicting immortal exploits of Kim Hyong-chik in the history of the national liberation movement and the revolutionary activities of his family members. The works include the oil "Kim Hyong-chik, outstanding leader of the Korean national liberation movement meets fighters for independence on the day of sports games of the Myongsin school" and the Korean painting "indomitable revolutionary fighter Kim Hyong- chik walking a road of a northern area at night."

The opening ceremony was attended by Vice-Premier and Minister of Culture Chang Chol, officials concerned, and working people in the city.

'Heritage' Left by Kim Hyong-chik

SK0607103394 Pyongyang KCNA in English 1019 GMT 6 Jul 94

[Text] Pyongyang, July 6 (KCNA)—What Kim Hyong-chik, an indomitable revolutionary fighter, left is a revolutionary treasure that contributed to pioneering the revolutionary cause of chuche, says Dr. Kim Kyong-su in an article contributed to NODONG SINMUN today.

The article quotes the great leader President Kim Il-song as saying in his reminiscences "With the Century":

"The thought of 'aim high,' being prepared for the three contingencies, the idea of gaining comrades, and two pistols—this was all I received from my father. My heritage was such that it portended great hardship and sacrifice for me. Nevertheless, there could be no better heritage for me."

The article says:

The thought of "aim high," being prepared for the three contingencies, the idea of gaining comrades, and two pistols which were left by Kim Hyong-chik was a priceless revolutionary treasure for the great leader when he set on the road of revolution.

The idea of "aim high" is not a worldly lesson of life seeking personal distinction and fame but a revolutionary view of life seeking a genuine pride and happiness in the struggle for the country and the nation and an indomitable revolutionary spirit for winning the liberation of the country at any cost by fighting through generations, if necessary.

Being prepared for three contingencies—death from hunger, death from a beating and death from the cold—is what shows the noble and steadfast ideological and mental traits of revolutionaries that implicated such a revolutionary faith and fighting spirit.

The heritage left by Kim Hyong-chik not only inspired the people with the faith in sure victory and a powerful mental strength but also represents the spirit of national independence, the basic attitude which must be maintained in the anti-Japanese movement for national liberation. In the whole period of his revolutionary activities Kim Hyong-chik always adhered to the unshakable stand that the independence of the country can be achieved only by the efforts of the nation, not by outside forces. Such a spirit of national independence is fully reflected in the heritage left by him.

The heritage served as a great foundation for gaining and rallying comrades, the first process in building up the revolutionary ranks to wage the anti-Japanese revolutionary struggle.

The idea of gaining and rallying comrades is closely linked with the strategy of the revolution for preparing the anti-Japanese revolutionary forces in the spirit of national independence. Kim Hyong-chik, who considered the internal forces of the nation to be the most important factor of the independence of Korea, taught that the internal forces of the nation are the strength of the unity of comrades, the unity of the people and the unity of the forces for the independence movement in one mind.

Gaining and uniting comrades is primary tasks to prepare the internal forces of the nation. So, Kim Hyong-chik started the struggle with the gaining of comrades and the whole course of his revolutionary activities can be considered to be a process of gaining comrades.

His gaining and uniting comrades was the basis of national unity for forming the strategic forces of the revolution for national liberation, and its first step.

All this was succeeded by the great leader Comrade Kim Il-song in his work to rally comrades, achieve unity of the revolutionary ranks and unite the anti-Japanese Patriotic Forces, leading the anti-Japanese revolutionary struggle.

The heritage left by Kim Hyong-chik concentrically shows the undying feats performed by him in the anti-Japanese national movement in our country and, at the same time, was a priceless historical treasure for the development of the revolution.

Industrial Production in North Hwanghae Reported

SK0607113694 Pyongyang KCNA in English 1103 GMT 6 Jul 94

[Text] Pyongyang, July 6 (KCNA)—Industrial production is on the growth in North Hwanghae Province.

According to data available, the gross industrial output in the first five months of this year was up 5.8 percent on the same period last year.

Situated in the central western part of Korea, the province has developed industry and agriculture. It has the Hwanghae iron and steel complex, the February 8 cement complex, the Sariwon textile mill, the Mannyon mine and other large factories and enterprises and hundreds of local industrial factories.

Before the liberation of the country, the province was a very backward area which could not properly make even farm implements.

In 1946, the year following the liberation, it had only nine factories and the gross industrial output value per capita was no more than eight won.

The great leader President Kim Il-song has put his heart and soul into the development of the province adjacent to Pyongyang municipality.

He has given on-the-spot guidance to more than 1,100 factories, enterprises, cooperatives and other units in the province since January 1946. He has given on-the-spot guidance to the Hwanghae iron and steel complex on more than 30 occasions and visited Chonggye-ri, Pongsan County, on over 10 occasions.

He went to the [word indistinct] which had been left barren several times from July 1950 to June 1973 to unfold a prospect of its reclamation and chose the site of a reservoir, cutting his way through thick bushes. Today the plateau has turned into a fertile land with more than 1,600 hectares of farm land, 12 reservoirs, over 120 water pumping stations and 100 odd km of waterways.

The February 8 cement complex, the Sariwon textile mill, the Mannyon and holding mines, the Hwangju Kindung plain and Lake Sohung also bear marks of President Kim Il-song's on-the-spot guidance.

North Hwanghae Province has made a leaping progress thanks to his wise guidance.

With multi-faceted industrial foundations consisting of metallurgical, engineering, building-material and textile industries, the province satisfies people's needs for everything by itself.

In the signal production boom, the output has jumped 100-190 times in pig iron, steel and rolled steel, 200 times in ores, 26 times in cement and 3,000 times in textiles.

The province gathered in grain enough only for four months a year before the liberation. But now it annually harvests grain enough for four years and more.

It has Kye Ung-sang University, a training centre of agro-technicians, and ten odd universities and over 30 colleges, hundreds of senior middle schools and educational institutions of other levels. One of the every four heads of the populations is a student.

The preventive and curative institutions in the province are nearly 50 times and hospital beds 90 times the figures of 1946, the following year of the liberation.

Importance of Long-Distance Mine Conveyer Noted

SK0207152794 Pyongyang KCNA in English 1513 GMT 2 Jul 94

[Text] Pyongyang, July 2 (KCNA)—The Unyul mine situated on the West Coast of Korea is boosting ore production through an effective operation of its long-distance belt conveyer.

The daily ore output at the mine is 30 percent up and earth- scraping 70 percent up on the same period last month. These results are ascribable to the increase of the operation rate of the belt conveyer through its successful technical control.

The belt conveyer is playing a big role not only in lifting ore production but also in building dikes of tideland.

The belt conveyer stretches more than 10 kilometres from the youth mining area of the mine into the West Sea of Korea.

Completed in June 1975, it has done a lot of work in carrying tens of thousands of cubic meters of earth and rock.

With several islets linked together by the earth and rock, tideland of more than 3,500 hectares is soon to be turned into farm land.

The belt conveyer, which is of high economic value, was laid on the initiative of the dear leader Comrade Kim Chong-il. He saw to it that a long-distance belt conveyer was laid at the Unyul mine as part of the undertaking for implementing the policy of transport by cableway, pipe and conveyer and harnessing nature.

He gave on-the-spot guidance to the mine for the completion of the project in a short time. Under his meticulous guidance, the long-distance belt conveyer was laid successfully in half a year or more as a monumental edifice.

Since the belt conveyer was laid, several modernly-equipped open- cast mining terraces have been formed, with the result that a new turn has been effected in ore production and the arable land largely increased in the tideland.

Legendary Tale of Triple Rainbows Described

SK0507104594 Pyongyang KCNA in English 1017 GMT 5 Jul 94

[Text] Pyongyang, July 5 (KCNA)—A legendary tale about triple rainbows is now swirling through the air of Korea.

This episode was first abroad among the people in Yanggang Province and is now told by everyone. It is based on the fact that mysterious rainbows and triple rainbows rare to be seen in the world appeared in the sky in mid-June.

At around 15:30 on June 15, a rainbow of seven colors stretching from north to south rose against the sky above the River Amnok where Mt. Paektu in the northern tip of the country is visible. And unusual triple rainbows were thrown above Lake Samji on the 17th. At about 6:50 in the morning, a rainbow with a very long radius rose up above Lake Samji and Mt. Potae. Five minutes later, another rainbow appeared below it and, at the roughly same time, one more rainbow, smaller than the two, made its appearance below them. The rare triple rainbows lasted for half an hour.

On the 18th, beautiful rainbows appeared one after another in different places where rainbows had been seldom seen.

Greeting the 30th anniversary of the start of work by the dear leader Comrade Kim Chong-il in the Central Committee of the Workers' Party of Korea, people are unanimous in viewing these phenomenal facts as a praise of his brilliant revolutionary feats by nature.

South Korea

DPRK Councilor to Thailand Addresses Panel

SK0707031494 Seoul YONHAP in English 0252 GMT 7 Jul 94

[Text] Bangkok, July 7 (YONHAP)—North Korea has reiterated that the nuclear issue should "be solved within the framework of the DPRK (North Korea)-U.S. talks," because it was "originated by the introduction into South Korea of nuclear weapons by the United States."

Speaking before a panel sponsored by the Foreign Correspondents' Club in Thailand Wednesday, Councilor Hwang Yong-hwan of the North Korean Embassy here said the third round of U.S.-North Korea talks opening in Geneva Friday would influence the inter-Korean summit slated for July 25-27 in Pyongyang, expressing hope for success at the Geneva meeting.

Asked why North Korea calls the Kim Yong-sam-Kim Il-song meeting in Pyongyang "top-level talks" while South Korea has labeled it "summit talks," Hwang said the two expressions have the same meaning.

Pressed to say if North Korea is calling the summit "top-level talks" because it does not recognize South Korea as a state, Hwang said, "it's a difference of expression. The two expressions have the same meaning and the same definition of meaning."

He added that the Pyongyang summit would be held in line with a series of inter-Korean meetings, including "a national conference represented by governments, political parties and social organizations" that North Korea has proposed over the years, stressing that Kim Il-song "elucidated the proposals."

Asked whether North Korea is developing nuclear arms or possesses any, he replied that his country "has no intention, plan or capability to produce and possess nuclear weapons, nor does (it) feel any need for them." The international community is trying to inspect "facilities which we don't have."

Hwang called for the application of North Korea's three principles of independence, peaceful means and national unity to achieve Korean reunification, adding the unification issue should be resolved "without recourse to foreign forces." He also stressed the need to achieve Korean reunification through Pyongyang's formula of "confederacy based on one nation and one state, two systems and two governments." When the confederacy is set up, the two sides will elect a top leader through consultations, he added.

Asked why Pyongyang is not allowing foreign media to cover the Pyongyang summit, he said that because the meeting is the first of its kind and an affair between North and South Korea, only Korean reporters are being permitted to cover it.

On the possibility that North Korea will pursue Russian- or Chinese-style economic reforms, Hwang said, "we don't have any need for such reforms today, and we'll revise the socialist economic system a little bit to stimulate our economy."

DPRK Delegation Arrives in Geneva for Talks

SK0707010494 Seoul YONHAP in English 0055 GMT 7 Jul 94

[Text] Geneva, July 7 (YONHAP)—North Korea's chief delegate to the third round of high-level talks with the United States, Kang Sok-chu, said Wednesday he will pursue a package deal to resolve the nuclear dispute.

Upon arrival here two days before the talks start, the first vice foreign minister said the resumption of U.S.-North Korean dialogue bodes well for peace and stability in Asia and the world as well as for settlement of the nuclear issue.

In an arrival statement, Kang said the pending issues between Washington and Pyongyang, including the nuclear problem, are rooted in misunderstanding and distrust due to a lack of mutual trust.

If the two sides would try to understand and compromise with each other, he stressed, they could achieve tangible results.

As noted in the statement, North Korea has repeatedly insisted on a package deal to resolve the nuclear issue, in contrast with the American preference for a step-by-step settlement.

The North Korean delegation arrived here around 6 PM via Frankfurt, Germany.

The U.S. delegation headed by Assistant Secretary of State Robert Gallucci is to arrive in Geneva Thursday morning.

U.S. Liaison Proposal Expected

SK0707085294 Seoul YONHAP in English 0815 GMT 7 Jul 94

[Text] Tokyo, July 7 (YONHAP)—The United States will propose to North Korea that they exchange liaison offices at the third round of high-level talks in Geneva starting Friday, the NIHON KEIZAI SHIMBUN reported Thursday from Washington.

The economic daily quoted a senior U.S. Government official as saying that Washington will also propose the lifting of economic sanctions against Pyongyang, which have been in place since the Korean War, and offer assurances that it will not launch a pre- emptive nuclear attack on North Korea.

The official reportedly said Washington will demand that North Korea transform its graphite-moderated atomic reactors into light- water models which cannot be used to make plutonium and that it move all its spent nuclear fuel rods to a third country for disposal.

Meanwhile, American businesses have been prohibited from trading with and investing in North Korea and the U.S. Government is restricting communication and personnel exchanges.

N-S 7 Jul Contact on Communications Begins

SK0707025694 Seoul KBS-1 Radio Network in Korean 0200 GMT 7 Jul 94

[Text] The North and South have been holding a working-level contact on telecommunication matters at the Peace House on our side of Panmunjom since 10:00 [01:00 GMT] on 7 July. At the contact, the two sides reportedly are discussing technical matters concerning the setting up of a Seoul-Pyongyang communications network and live television coverage of the inter-Korean summit talks.

At today's closed-door contact, our side reportedly proposed to the North side that of the 24 direct telephone lines between Seoul and Pyongyang, most of which are not in service due to the virtual absence of bilateral contacts, 16 lines be operated for the summit talks and eight lines for media coverage. Our side asked the North to allow the use of satellite telephones.

Particularly stressing that providing communications security is vital to summit talks, our side called on the North to clarify its stance on this matter.

In addition, our side reportedly demanded that the summit talks be covered live via satellite, rather than through mobile relay facilities for sending messages across the border.

The two sides are also having negotiations on bringing satellite equipment to the North side to cover the summit talks.

At today's contact, three telecommunications officials each from South and North Korea are attending the meeting. Yu Ik-hyon, chief of the Communications Bureau of Chongwadae [presidential offices], heads our side's delegation, while Kim Yong-ho, chief of a bureau of the Ministry of Post and Telecommunications, represents the North side.

Agreements 'in Principle' Reached

SK0707094894 Seoul KBS-1 Radio Network in Korean 0900 GMT 7 Jul 94

[Text] At the working-level contact on telecommunication matters held at the Peace House in Panmunjom on 7 July, it was learned that North and South Korea agreed in principle to operate the 24 direct telephone lines between Seoul and Pyongyang during the summit talks. It was learned that among the 24 direct telephone lines, 16 lines will be operated for the summit talks and eight lines for media coverage.

It was learned that after a long period of discussions, both sides approached near agreement that our side's delegation will be able to carry along with them satellite telephones, which our side had proposed.

It was learned at today's contact that our side urged the North side's clear position on providing communications security and demanded mail security.

Regarding live coverage of the summit talks, the North side rejected our side's proposal on sending some 10 personnel for live coverage. Since there were differences of opinion on some parts, a final conclusion was not made. Therefore, North and South Korea agreed that points of issues that were not agreed upon in today's contact will be discussed again between our side's first advance team which will be dispatched to Pyongyang on 13 July and the North side's working-level officials.

More Reaction to, Comments on N-S Summit

DLP 'Displeased' With DP Remarks

SK0207053394 Seoul THE KOREA TIMES in English 2 Jul 94 p 2

[From the "Press Pocket" column: "DLP Reactions"]

[Text] The ruling DLP is displeased with the contents of opposition Democratic Party [DP] Chairman Yi Ki-taek's keynote speech at the National Assembly yesterday in which he claimed that the opposition party played a decisive role in materializing the inter-Korean summit.

DLP spokesman Park Pom-chin said in a commentary, "We regret Yi's remarks that slighted the government and ruling party's sincere efforts for the realization of the South-North summit and his attempt to inflict wounds on President Kim Yong-sam for his political gains."

Yi said in the speech that the inter-Korean summit was made possible due to former U.S. President Jimmy Carter's Pyongyang visit, an idea of the opposition DP and Kim Tae-chung, former DP president, criticizing the ruling camp for claiming credit.

Park said, "Everybody in the world knows that the maintenance of the Cold War confrontation on the Korean peninsula is totally due to North Korea's intransigence. Despite this, the opposition representative is hitting one-sidedly the South Korean Government as if the South were responsible for the current crisis."

Park also denounced Yi for not mentioning the violent strikes by radical workers and subversive activities by Hanchongnyon [Korean Federation of Student Councils], a group of student activists espousing Kim Il-song's "juche" (self-reliance) ideology.

President Not Exempt From Paperwork

SK0307070194 Seoul YONHAP in English 0254 GMT 3 Jul 94

[Text] Seoul, July 3 (YONHAP)—South Korean President Kim Yong-sam will not be exempt from government regulations on North Korean visit and must complete all paper procedures before the July 25-27 summit with North Korean leader Kim Il-song, officials said Saturday.

Kim will apply for permit to visit North Korea at the National Unification Board according to the law on South-North Korea exchanges and cooperation, they said.

There were some opinions that the visit should be handled otherwise since it is one made by a top executive of the country, one official said, "but there was a consensus between ministries that the visit should be arranged within the boundary of national law."

The summit agreement made at June 28 inter-Korean contact will substitute for North Korea's invitation, one of the requirements for the Pyongyang visit.

Prime ministers who went to Pyongyang for inter-Korean high-level talks also went through the full due procedures, officials said.

All other members of the summit delegation and accompanying reporters will have to apply at the National Unification Board, they said.

Majority Oppose Sanctions on Agenda

SK0407143194 Seoul KBS-1 Television Network in Korean 1230 GMT 4 Jul 94

[Text] At the request of the Ministry of Information, World Research, a public opinion survey organization, conducted a poll of 200 leading figures, including experts from the academic, political, and media fields. The results of the poll showed that 64 percent of the respondents said discussion of sanctions against North Korea for its nuclear problem should be discussed separately from North-South summit agenda items.

The poll showed that 37 percent of the respondents answered that the most important agenda item for the summit is the nuclear issue, 21 percent answered separated families and civilian exchange, 15 percent answered implementing the North-South agreement, 12 percent answered the reunification issue, and 11 percent answered economic assistance and cooperation.

Impact on Politics Analyzed

SK0507031294 Seoul THE KOREA TIMES in English 5 Jul 94 p 2

[Text] Whatever the outcome of the inter-Korean summit talks in Pyongyang, it is generally accepted that they will have a serious impact on domestic politics.

Rep. Pak Chong-su of the ruling Democratic Liberal Party [DLP] said the Pyongyang summit will surely be a determinant for the future of the nation's politics, irrespective of its outcome.

Rep. Yi Hyop of the opposition Democratic Party [DP] forecast that some confusion is likely, citing that North Korea's strong nationalistic fervor will invariably collide with the government drive for globalization and internationalization.

Rep. Sin Kyong-sik of the ruling DLP said the emphasis of the nonmilitary government of President Kim Yong-sam will move from the issue of reforms to national reunification.

Rep. Sin Sang-u of the DLP agreed with Rep. Sin Saying that the national reunification issue will become an overriding concern in the nation's politics.

Accordingly, it is predicted that lawmakers of the ruling and opposition parties will be busy reshaping their image to look their best in the new political climate where national reunification will have priority over anything else.

Rep. Yi Hae-chan of the opposition DP said those with ambition for power in the post-Kim era will rack their brains on how best to utilize the national reunification issue to improve their chance.

DP chairman Yi Ki-taek said in his keynote speech at the National Assembly last Friday that he will do his part as leader of the nation's major opposition party for national reunification.

Political observers suspect he is planning on visiting North Korea on his own for talks with Kim Il-song. This is because he failed to mention, unlike in the past, that he would consult with the government before-hand.

Meantime, Kim Chong-pil is said to be taking upon himself the task of guarding the interests of conservative forces. On and off, he cautioned against hasty expectations as if national reunification were in the offing.

Representing the concerns of the nation's conservatives, he urged the people not to lower their guard against subversive moves by leftists who he claimed are now at work under the cloak of national reunification.

A senior DJP [former Democratic Justice Party] lawmaker, who wanted not to be quoted by name, said the voices of conservative forces will be heard loudly if the Pyongyang summit doesn't come up to expectations.

He went on to say that this kind of political climate will provide a good cause for holdovers from the past military regimes led by No Tae-u and Chon Tu-hwan to reunite, burying their grudges among themselves. This can lead to a grand realignment of political forces.

Rep. Cho Se-hyong of the DP said if the Pyongyang talks turn out to be a success, President Kim's leadership will be greatly strengthened, leaving small room for opposition parties to move around.

However, he cautioned President Kim against being preoccupied with pulling off eye-opening achievements because it entails the danger of playing into the hands of North Korea.

President's Pyongyang Stay Viewed

SK0607011794 Seoul SEOUL SINMUN in Korean 5 July 94 p 4

[Article By Yi Myo-hui: "Will President Kim's Stay in Pyongyang Be Extended?"]

[Text] The period of President Kim Yong-sam's stay in Pyongyang is a matter of great importance deciding the success of North-South summit talks.

The North and South on 2 July agreed that our delegation "will stay two nights and three days, however, the stay may be extended if necessary," because North Korea insisted on spelling out the possibility of extending the stay.

Why would North Korea want to extend President Kim's stay in Pyongyang? If we knew the answer, it would have been easier to predict how many times summit talks would take place, whether or not Kim Il-song would visit Seoul, and the substantial accomplishments to be achieved in the summit talks.

Government officials agree that North Korea's intention to prolong the stay was not made out of good will. They argue that his prolonged stay in Pyongyang is likely to used for North Korea's political propaganda. In North Korea, 27 July is commemorated as the day the Korean war ended, the so-called "25 June War Victory Anniversary" when a military parade is staged on a large scale. This is where the suspicion surrounding North Korea's attempt to prolong President Kim's stay in order to make him attend the military parade, arises.

The prolonged stay in Pyongyang can also be analyzed in view of Kim Il-song's visit to Seoul. North Korea may try to give an impression to the outside world that Kim Il-song and President Kim had enough discussions to the point where Kim Il-song's visit to Seoul would be unnecessary. Likewise, chances are high that North Korea, upon winding up one round of summit talk with the South, may attempt to seek its interests through a high-level talks with the United States.

However, viewed from a favorable light, we can consider such North Korean intentions as its wish to gain substantial accomplishments. If that is what North Korea has in mind, a second and third round of summit talks would continue to take place one after another. However, the aforementioned assertion has more persuasive power than the other one, as staying two nights and three days in Pyongyang is not a short period to achieve substantial progress in the talks.

Accordingly, the government has mapped out measures to fix President Kim's itinerary after the North side presents its itinerary draft by 10 July and prior to the arrival of our side's advance team in Pyongyang on 13 July. They reason that because President Kim Yong-sam never turns away from a challenge, if an itinerary is not mapped out, he will likely extend his stay in Pyongyang should Kim Il-song ask him "to extend his stay for sincere talks."

'Basic Position' Said Finalized

SK0707064294 Seoul HANGYORE SINMUN in Korean 7 Jul 94 p 1

[Report by reporter Chang Chong-su]

[Text] It was learned on 6 July that during the North-South summit talks slated for 25 July in Pyongyang, President Kim Yong-sam will strongly call on North Korean President Kim Il-song to immediately implement the North-South basic agreement. President Kim Yong-sam is also expected to convey the position that if President Kim Il-song accepts such demands, he would suspend the Team Spirit military exercise and provide active support to North Korea in establishing diplomatic relations with the United States and Japan.

The government recently held a series of high-level strategic meetings attended by key officials concerned with North-South policy affairs such as Yi Hong-ku, national unification board minister; Pak Kwan-yong, presidential chief secretary; and Chong Chong-uk, senior secretary for foreign and national security affairs, to finalize their basic position on the North-South summit talks and reported the results of the meeting to President Kim Yong-sam.

During the meetings they concluded that rather than adopting a new agreement during the Pyongyang summit talks, overall implementation of the existing North-South basic agreement and the joint denuclerization declaration on the Korean peninsula would be the most effective way to build trust between North and South Korea, considering the fact that the purpose of the North-South summit talks is to basically resolve the North Korean nuclear issue, to relax tensions on the Korean peninsula, and to build a system of peaceful coexistence between the North and South.

A relevant government official said on 6 July: President Kim Yong-sam will call on President Kim Il-song to immediately implement the North-South basic agreement in an effort to confirm whether the latter really intends to resolve the important, pending issues between the North and South, including the North Korean nuclear issue. Therefore, when President Kim Il-song accepts his demands, President Kim Yong-sam will present various plans to improve North-South relations, including economic cooperation.

The official also said that "a joint statement or agreement will be announced in the event that the two leaders agree to immediately and comprehensively implement the North-South basic agreement and the joint denuclerization declaration on the Korean peninsula.

He added that "it is the basic position of the government to resolve the North Korean nuclear issue by earnestly operating the North-South Joint Nuclear Control Committee that was suspended when North Korea failed to appear as scheduled on 25 January 1993."

The relevant ministries—such as Chongwadae [presidential office], the Ministry of Foreign Affairs, and the National Unification Board—have reportedly decided to formulate practical plans depending on progress in the third round of North Korean-U.S. high-level talks, because the time has come to specifically review issues related to supporting the construction of the light-water reactor, which was demanded by the North Korea in return for its suspension of the nuclear reactor in Yongbyon.

A Chongwadae official concerned said that "the key countries concerned—such as the ROK, the United States, and Japan—will begin discussing the issues of supporting North Korea to replace a graphite-moderate reactor with a light-water reactor after the Pyongyang summit talks and the third round of North Korean-U.S. Geneva talks.

Regarding the issue of the separated family members' visit to their home towns—which President Kim said he would raise as an important issue during the summit talks—the government is expected to call on North Korea to first realize the visit of home towns by elderly parents and to set up a meeting place in Panmunjom for the reunion of the separated family members, which was suspended in 1992.

'Visible' Accomplishments Said Aim

SK0707032294 Seoul YONHAP in English 0242 GMT 7 Jul 94

[Text] Seoul, July 7 (YONHAP)—The vice minister of the National Unification Board, Song Yong-tae, said Thursday the government will strive for "visible" accomplishments in fields where the two sides can narrow their differences at the upcoming inter-Korean summit in Pyongyang.

Song said the summit is expected to address the nuclear issue, the easing of tension and establishment of peace on the Korean peninsula, cooperation and exchanges of dispersed families.

"All the problems that have piled up over the past 50 years can hardly be solved at once," he said. "But we will make efforts to achieve visible results in the fields where mutual accord is available."

Song was speaking at a breakfast meeting of Korea University's graduate school of political science. "Now is the time of a grave situation in which the history of the Korean peninsula can be changed," he noted. "We are required to watch the situation in a calm and composed manner by abstaining from extreme caution or excessive optimism."

He explained that Pyongyang accepted unconditional inter-Korean summit talks to promote improved U.S.-North Korean and inter-Korean relations as the Stalinist state cannot fight the international community over the nuclear row. He cited North Korea's previous preconditions on the abolition of the South's National Security Law and a halt to the Team Spirit military exercises.

As to the final summit day of July 27 being North Korea's war victory day, Song said that if Pyongyang utilizes the day for propaganda purposes, it will invite the indignation of South Koreans.

Legislators Discuss DPRK Light-Water Reactor

SK0707110394 Seoul CHOSON ILBO in Korean 7 Jul 94 p 1

[By reporters Kim Min-pae and Yi Chong-won]

[Text] Holding a third-day interpellation session on 6 July, the National Assembly questioned various imminent economic issues.

Yi Myong-pak, assemblyman of the Democratic Liberal Party [DLP], stressed that "one should approach North-South relations from the standpoint of economic logic, rather than political logic." He put forward concrete methods for North-South economic cooperation, including a plan to make about 500 medium and small business firms in the ROK advance to North Korea.

Yi Chol, assemblyman from the Democratic Party [DP], asserted that "the ROK, the United States, and Japan intend to support the construction of a light-water nuclear power plant in North Korea in return for North Korea's abandonment of nuclear development. However, the United States and Japan, merely demonstrating benevolence, are attempting to make us bear almost of all required expenses that amount to $2 billion."

Yi Ho-chong, assemblyman from DLP, said that "following strikes by locomotive engineers and subway workers, there is an indication of complications in the Korea Electric Power Corporation and Korea Telecom," thus asking the government to properly cope with labor disputes in government-supported corporations. DP Assemblyman Yi Tong-kun urged the government "to discard the policy for economic growth with favor mainly focused on large business groups, and to push ahead with genuine reform policies, including the establishment of an alternative system for the real-name financial transaction system and insurance of independence of the Bank of Korea.

DLP Assemblyman Kim Pom-myong called on the government "to simplify tax assessment system by drastically lowering the rate of income tax and the corporation tax."

Prime Minister Yi Yong-tok replied that "it is the government's basic position to resume North-South economic cooperation at any time if the North Korean nuclear transparency is ensured."

Kim Si-chung, minister of science and technology, said it is true that "relevant officials of foreign ministries and technicians concerned from the ROK, the United States, and Japan, held a meeting in Washington from late June to early July, and discussed the issue of supporting a light-water reactor. However, no concrete decision was made."

Minister Kim revealed that "our government presented its opinion that the Russian-type light-water reactor is not appropriate in view of its safety and technological problems. It is the government's policy that unless the North Korean nuclear transparency is completely ensured, we do not make any decision on the issue of supporting the light-water reactor. However, the government intends to continue discussions on economic cooperation with North Korea, including the supply of electric power, among government offices and agencies, with a view to preparing for national reunification."

Seoul Comments on DPRK Nuclear Transparency

SK0707053694 Seoul CHOSON ILBO in Korean 7 Jul 94 p 2

[Text] It was learned on 6 July that the government reaffirmed its position that it will help North Korea replace its graphite-moderated nuclear reactor with a light water-type one and actively support North Korea's establishment of diplomatic ties with western countries once its nuclear transparency is fully guaranteed at the third round of North Korea-U.S. high-level talks which are to open in Geneva on 8 July.

In addition, the government reportedly affirmed that it would notify North Korea of the joint ROK-U.S. stance that the issue on securing the North's past nuclear transparency must be solved between the North and South even if the issue is dealt with at the high-level U.S.-North Korea talks. The government is likely to propose resumption of the Joint Nuclear Control Committee.

The government reaffirmed such a position in an extraordinary session of the Unification and Security Policy Coordination Council presided over by Deputy Premier Yi Hong-ku to review government strategies before the working-level contact between the North and South and to check its position on the third round of U.S.-North Korea talks.

Group Seeks Investment in North in Initial Stage

SK0407082794 Seoul YONHAP in English 0722 GMT 4 Jul 94

[Text] Seoul, July 4 (YONHAP)—The Samsung business group will push for an electronic parts factory in North Korea's special economic zones including Nampo if economic cooperation is agreed on at the upcoming inter-Korean summit.

Samsung Co. President Sin Se-kil said Monday that he did not foresee that all problems, such as the issue of signing an investment protection accord, would be solved at once even though the two sides agreed on economic cooperation at the summit. "Therefore, Samsung will seek to enter such existing special economic zones as Nampo at the initial stage," Sin said.

Sin was speaking at a press conference to mark his company's attainment of 10 billion dollars in exports over the past 12 months.

"North Korea is the best place to transfer factories that are losing competitiveness in South Korea," he insisted.

As to Samsung's reported infrastructure investment in Najin and Sonbong Districts, Sin disclosed that his company has already conducted a feasibility study but stopped because it was "unattractive." He explained that a Chinese railroad construction company had sought Samsung's participation in such investment.

Najin and Sonbong Districts are too far from South Korea, he noted, pointing out that it would be difficult to secure labor even though these sites are designed to be industrial complexes.

With regard to the construction of harbor facilities in Chongjin, Sin hinted at his company's lack of interest in the project, asserting that infrastructure investment should come from the government rather than the private sector.

Vice Trade Minister Comments on N-S Cooperation

SK0607035994 Seoul MAEIL KYONGJE SINMUN in Korean 5 Jul 94 p 4

[By reporter Kim Chong-hyon]

[Text] The government decided to improve the deficit in the balance of payments with Japan, which is increasing considerably, by activating exports rather than reducing imports. Steel, which is not sufficient for exports due to domestic demand, will be imported from a third country for domestic use, and work will be encouraged so that mainly domestic products can be exported to Japan.

At a regular meeting with reporters on 4 July, Pak Un-so, vice minister of trade and industry, said that under the current situation, it is expected that the trade imbalance with Japan will be about $10.5 billion by late this year. However, a measure will be provided to increase exports, item by item and, promote this heavily so that trade imbalance will be maintained at less than $10 billion.

He said that to achieve this, work must be examined to change the line of imports from Japan to a third country of the products that are lacking domestically through the

Pohang Iron and Steel Company; increase the export of domestic goods to Japan; and import products for domestic demand from a third country.

Vice Minister Pak said: "Original equipment manufacturing (OEM) import orders from Japan have recently increased in the field of machines and spare parts. Therefore, it is expected that exports to Japan will be increased by about $60-70 million, and plans are being made to increase exports of agricultural products to Japan to over $100 million."

In connection with the issue of South-North economic cooperation, Vice Minister Pak revealed: "If pending political issues, such as the nuclear issue, are resolved at the South-North summit talks, it seems that the economic cooperation issue will be resolved naturally. Therefore, it is necessary to exercise self-restraint in hastily discussing this matter at this point."

Vice Minister Pak pointed out that a practical program on economic cooperation has been provided based on the annexed agreement between the South and North and that the Ministry of Trade and Industry is carrying out preparatory work. He also stated that the order of economic cooperation after the nuclear issue is resolved is, first of all trade, followed by the expansion of processing on commission trade [imgagong], and then direct and indirect investment.

Processing on Commission Trade With North Noted

SK0707040094 Seoul MUNHWA ILBO in Korean 6 Jul 94 p 9

[Text] ROK's processing on commission trade with the North has increased on a large scale since last year. But, it has been learned that its trade volume is less than 10 percent of that of Japan or Germany. Therefore, it is expected that ROK will have to engage in a fierce competition with third countries in the processing on commission trade with the North.

According to the Ministry of Trade, Industry and Energy on 6 July, in the field of clothing, which represents most of ROK's processing on commission trade with North Korea, North Korea recorded a total of $116.091 million in trade with Japan in 1992. North Korea imported raw and secondary materials worth $52.236 million and exported finished products worth $63.855 million.

In the case of pianos, the item which North Korea's processing on commission trade with Japan is recording the biggest portion next to needlework-related goods, North Korea recorded a total of $1.425 million in trade with Japan. It imported raw and secondary materials worth $517,000 and exported finished products worth $908,000.

In terms of the volume of its processing on commission trade of clothing with Germany, North Korea recorded a total of $71.272 million in trade with Germany. It imported raw and secondary materials worth $1.784 million and exported finished products worth $69.488 million. Because Germany is procuring raw and secondary materials in China, Hong Kong, and Singapore to secure its competitive power in price, Germany's supply of its own raw and secondary materials had been relatively small.

In contrast, in terms of the volume of ROK's processing on commission trade with the North in 1992, ROK recorded only $970,000, a mere 0.8 percent of that of Japan and a 1.4 percent of that of Germany. ROK exported raw and secondary materials worth $414,000 to North Korea while it imported from it finished products amounting to $556,000.

Last year, ROK recorded a total of $7.996 million in its processing on commission trade with the North, a combination of exports of raw and secondary materials amounting to $3.611 million and imports of finished products amounting to $4.385 million, thereby showing an increase as high as seven times as in 1992. But, this volume still was less than 10 percent of that of Japan or Germany.

Meanwhile, North Korea reportedly imported raw and secondary materials for computers worth $489,000 from Singapore and exported finished products worth $877,000 in 1992.

Carter Delivers Kim Il-song's Message to Japan

SK0707013894 Seoul TONG-A ILBO in Korean 7 Jul 94 p 1

[YONHAP from Tokyo]

[Text] Former U.S. President Jimmy Carter, who is now in Japan, said that President Kim Il-song had asked him to deliver a message to the Japanese Government during his meeting with the latter last month in North Korea, and that he had thus delivered the message to the Japanese Government on the morning of 6 July.

During his news conference held in the U.S. Embassy in the afternoon, former U.S. President Carter revealed to reporters that President Kim had asked him to deliver the message, but did not disclose details regarding it. He did say, however, that "President Kim wishes to establish diplomatic relations with Japan."

Also, he said: North Korea has already begun examining the cost and the way of securing raw materials supplies that will be required in replacing a graphite moderate reactor with a light water reactor. North Korea believes that approximately $1 billion will be required to import the light-water reactor from Russia, and that approximately $3 billion will be needed to import the Swiss variety.

In particular, he pointed out that "according to information provided from the U.S. Government before he visited North Korea, it is possible that North Korea might have extracted 6 or 7 kg of plutonium from the fuel rods of the 5 megawatt nuclear reactor in Yongbyon when the reactor was stopped for 71 days in 1989," and said: He was not briefed by the U.S. Government that North Korea had manufactured a triggering device [kipok changchi]."

He added that "North Korea's promise that it would not carry out the fuel rods reprocessing is important."

Regarding North-South relations, he said: President Kim positively reacted to the reunion of their separated family members, as well as to the exchange of visits between the North and South and made a proposal that parents over 70 years of age should begin visiting the other side as a model case for the reunion of separated family members.

Says Kim Il-song Wants Summit

SK0707095894 Seoul YONHAP in English 0935 GMT 7 Jul 94

[Text] Tokyo, July 7 (YONHAP)—North Korean President Kim Il-song hopes to have a summit meeting with the Japanese prime minister and establish diplomatic relations with Japan, former U.S. President Jimmy Carter who visited Pyongyang last month said on Thursday.

Carter, now on a tour of Japan, told a press conference in Hiroshima that Kim Il-song asked him to convey to the Japanese Government the message that he is interested in having a peaceful dialogue with Japanese leaders and launch general trade and diplomatic relations.

Kim Il-song was also concerned about assaults and other discriminatory actions suffered recently by some children of (pro- Pyongyang) Korean residents in Japan, Carter said.

Mr. Carter quoted Kim as saying, "It seems North Korean children in Japan are not receiving good treatment. It is hoped that children's human rights, too, will be respected."

The former U.S. President said he personally feels that once the United States and Japan resolve the nuclear issue, Japan and North Korea would promptly launch moves toward peace.

Japanese Premier 'Likely' To Visit 16-17 Jul

SK0707040394 Seoul YONHAP in English 0300 GMT 7 Jul 94

[Text] Seoul, July 7 (YONHAP)—Newly-elected Japanese Prime Minister Tomiichi Murayama is likely to visit South Korea over the July 16-17 weekend, officials here said Thursday.

Tokyo has yet to propose the date and site of the first South Korea-Japan summit since Murayama's inauguration, but that weekend is the best time for both countries, they said.

Yukata Kawashima, director-general of the Asian Affairs Bureau at the Japanese Foreign Ministry, is due in Seoul this coming Sunday and will coordinate the visit with South Korean Foreign Ministry officials.

He is expected to bring a formal proposal for the Seoul-Tokyo summit, the officials said.

Murayama's visit is intended as a courtesy call by the new Japanese Government and a show of involvement in what is a momentous political event—the inter-Korean summit scheduled for July 25-27 in North Korea.

Murayama's predecessor, Tsutomu Hata, had planned on coming here before he resigned amid domestic political turmoil.

The Japanese prime minister returns home from the G-7 summit in Naples on July 12, and he wants to come to South Korea before the Diet session begins on July 18, the officials said.

The summit is being planned for cities other than Seoul to minimize necessary protocol, they said.

Unicef Ends Activities in ROK, Withdraws

SK0207121494 Seoul YONHAP in English 1207 GMT 2 Jul 94

[Text] Seoul, July 2 (YONHAP)—The United Nations Children's Fund (Unicef) ended its activities in South Korea at the end of June and withdrew its office from here, the Foreign Ministry said on Saturday.

A ministry official said, "Unicef office in South Korea withdrew as South Korea's economy developed enough to grant support for children of other countries. The Unicef's South Korean commission which was organized Jan. 1 by the government will replace the activities of the Unicef office."

Unicef established its office in South Korea in March 1950 and has put about 23 million U.S. dollars in its activities in the fields of children's health, social development, education and training.

Security Policy Coordination Meeting Held

SK0607014194 Seoul KBS-1 Radio Network in Korean 0100 GMT 6 Jul 94

[Text] The government held a Unification-National Security Policy Coordination Council meeting chaired by Yi Hong-ku, deputy prime minister and minister of national unification, at the Secretariat for South-North Dialogue in Samchong-dong this morning. Those at the meeting fine-tuned our side's position for the 7-8 July [South-North] working-level contacts which are to discuss telecommunications and personal security matters, and reviewed the agenda items which are to be discussed in the summit talks.

At today's meeting, the government decided to suggest to the North side during the 7 July working-level contact for discussing telecommunication matters, that the 24 telephone lines which presently exist between Seoul and Pyongyang be put into full operation during the period of the summit talks and that a joint South-North news relay team be formed so that live coverage of the talks can be conducted without a hitch.

Korea-China-Russia Railway Link to Europe Sought

SK0707093294 Seoul KYONGHYANG SINMUN in Korean 7 Jul 94 p 2

[Article by reporter Ho Yong-sop]

[Text] With the expectation that North-South relations will be improved after the upcoming North-South summit talks the government is now actively studying a plan to transport cargo using the Trans- Siberia Railway (TSR) which links with the European continent via North Korea and the Trans-China Railway (TCR) which crosses the continent of China.

The Ministry of Transportation revealed on 6 July that "in case these transcontinental railways are used, a considerable curtailment will be brought about both in cargo freight rates and time, and consequently the competition power of our foreign trade can be enhanced."

The Ministry of Transportation already has started not only examination activities on the spot to materialize this plan in coordination with the Ministry of Foreign Affairs, but also discussions with ministries concerned such as the Economic Planning Board, the National Unification Board, and the Ministry of Finance. Once detailed discussions among the ministries concerned end, the Ministry of Transportation will form a negotiation team within this year.

Accordingly, it is anticipated that domestic cargo will be transported to European countries through the transcontinental railways in 1996 at the earliest.

In the meantime, in an effort to link South Korea and Nakhodka of the Far East, the departure point of the TSR, the government has decided to propose to North Korea that a Trans-Korean Railway (TKR) which links to Nakhodka via Tonghae, Sokcho, Wonsan, Chongjin, and Najin be built.

When this proposal is realized, the distance of 19,000 kilometers of the sea route from Pusan to Rotterdam, Netherlands can be cut to a distance of 12,000 kilometers and the cargo freight rates can be reduced by 20 to 30 percent at the minimum.

In the case of the TCR, the railway starts from Lianyun port in Jiangsu Province of China and links to the "European Railway" via Moscow. However, from our country to Lianyun port cargo can be transported by ship on the Yellow Sea.

On the other hand, in the case of the TSR, companies from Russia, the United States, Japan, and Germany have taken charge of transporting cargo via this railway. Also, seven to eight domestic maritime transport companies, including Hanso Maritime Transport, Tonghae Maritime Transport, and Taea Trans, have participated in cargo transport business in the form of agencies of these foreign companies.

Status of Illegal Foreign Workers Examined

SK0507034594 Seoul THE KOREA HERALD in English 5 Jul 94 p 1,5

[By staff reporter Kang Yun-son]

[Text] June 30 has come and gone. But the exit deadline the Korean Government imposed on illegal foreign workers appears to have had little impact on the foreign labor market.

As of the end of June, 54,275 illegal foreign workers still remain in the country, according to the Ministry of Justice's residents control division.

The total includes some 9,145 illegal workers who last December voluntarily reported themselves in exchange for work visas valid until June 30. Out of this number, only 1,088 had left the country as of the end of June.

"The vast majority of illegal workers, even those who took the trouble of reporting themselves, are presumed to have gone into hiding," says an official identified only as Yi at the residence control division.

Foreign labor market watchers remain unsurprised by the fact that the exit deadline has had so little impact.

Their reason being the Korean Government's previous record of repeatedly granting visa extensions—although the government this time stands firm by the June 30 deadline—coupled with the delayed arrival of new 20,000 foreign technical trainees set to replace the outgoing workers.

Meanwhile, the Korea International Training Corp-.(KITCO), a private group in charge of supplying the new trainees, keeps reporting administrative delays in the arrival of incoming workers. KITCO is an in-house organization of the Korea Federation of Small Business (KFSB), to which the government has handed over the difficult task of recruiting foreign workers.

Among 20,000 workers originally planned to arrive in time for the June 30 deadline, KITCO yesterday reported the arrival of around 1,000 as of this week.

The workers here so far have come from five countries—Bangladesh, Indonesia, Myanmar, Nepal and Vietnam.

The remaining 19,000 are scheduled to come from China, India, Iran, Pakistan, the Philippines, Sri Lanka and Thailand. All 20,000 of the incoming workers have been contracted to receive monthly basic wages of between $200 and $260 excluding overtime.

Speaking on conditions of anonymity, a KITCO official said the workers are likely to finish arriving by the end of August.

He said, "Administrative delays by foreign agencies supplying the workers plus problems faced by Korean small- to medium-sized enterprises have resulted in time lags."

Among some 4,200 manufacturers who enlisted KITCO's help in finding workers, some have declared bankruptcies or downsized their assembly lines since their initial request, prompting KITCO to reallocate the workers, he said.

Needless to say, statistics alone can't unravel an issue as complex as the foreign labor market.

The government's tally indicates little changes, at least in the number of illegal workers remaining in the country.

But charity groups mostly run by churches, providing counselling to foreign workers, say they have lately been flooded with inquiries in regard to the June 30 deadline.

Notes Lydia Baeg, a counsellor at the Foreign Workers' Labor Counselling Office run by the Archdiocese of Seoul, "There are calls from Korean employers wanting to retain workers.

"And there are those workers who want to go home, but can't because they have to settle salary disputes."

Salary disputes have in fact consistently ranked the number one reason workers seek for help at the center, she says.

Raj Sarkar, 30, a native of Calcutta, India, who visited the center, said "I'd like to leave July 15, as soon as my employer in Chonnan, South Chungchong Province pays me 2.4 million won ($3,000) in back wages." He spoke surpricingly polished Korean which he picked up while working at a silk factory for the past two years.

Departure is all the more of a problem for one worker who finds himself in the unexpected predicament of having suffered an industrial accident.

Edgar Bersabal, 28, from Ilo-Ilo, in the Philippines, is legally contracted to stay here until Aug. 1. In February, he lost four fingers from his left hand in a press machine.

He is currently disputing the 3 million won ($3,750) compensation his employer has offered from the company's private insurance plan.

"I never, ever expected something like this to happen to me. I feel as though the company never saw me as a person, but only that I do the needed work at all costs," he says.

It would be an exaggeration to say unfinished businesses such as Sarkar's salary problem or Bersabal's accident are the prime reason most illegal workers are overstaying the June 30 exit deadline.

The most prevailing reason, remains that the Korean labor market continues to have room for foreign workers, legal or illegal.

The KFSB representing small businesses, has for instance long maintained that cheaper foreign labor has become the recourse to the survival of small to medium-sized manufacturers afflicted with shortage of workers.

Reflects one KITCO official, "If it was left to us, we'd of course import a lot more workers than the government's quota of 20,000. But then as government officials say, bringing in foreign contracted workers just for our needs is no simple matter."

Aside from the unsolved issue of Korea's manpower shortage at so- called 3-D jobs, a more universal explanation for the state of foreign labor market is offered in the recent issue of "VOICE," an English newsletter published among foreign workers in Korea.

MOF To Allow Foreign Banks To Handle Business

SK0207030994 Seoul THE KOREA TIMES in English 2 Jul 94 p 17

[By staff reporter Yi Chang-sop]

[Text] The Ministry of Finance [MOF] is changing its earlier decision to exclude foreign banks from handling foreign direct investment notification acceptances and post-registration monitoring business.

The indication came after representatives of the Foreign Bankers Group in Korea, including its chairman Joseph E. Hasten, met MOF officials Thursday at Kwachon.

From July 1, the government allowed 29 Korean banks to handle the business. Foreign bankers issued a strong protest, arguing that the exclusion is against Korea's much-touted internationalization and liberalization policy, according to a participant. If they are discriminated against this time, foreign bankers are worried that they will be excluded from future liberalization and deregulation steps, he said.

Not all foreign banks appear to be interested in the business, which needs additional manpower, office and brochures. But such big banks as Citi, Bank of Tokyo, and Paribas are said to be very interested in the business as it will involve opening letters of credit, lending, deposit and foreign exchange business.

A foreign banker, who admitted his bank will not handle the business even if the government allows foreign banks to do so, said, "It is a matter of principle and equal treatment." He added that by excluding international banks from processing foreign direct investment business (FDI), Korea has made foreign banks "criticizers" of the foreign direct investment policy. He agreed with other Western bankers, saying, "How can international bankers encourage foreign businessmen to invest in Korea when we are discriminated against?"

An MOF official said the FDI investment processing business does not provide banks with benefits and is basically different from banks' official businesses such as development of new products. He said the government delegated the FDI-related work to domestic banks because it wanted to provide convenience to foreign businessmen when they invest in Korea. In designating 29 banks, it said these matters will be handled at the head offices, not at branches.

He said as of 1993, there were a total of 720 foreign investment notification (new investment) and post-registration regulation- related cases. Based on this statistic, he said, each of the 29 designated banks will handle only an average 24.8 cases. If the business were expanded to the branches, he said, one branch would process less than one case on average. This would be a waste of manpower and reduce economic efficiency.

He said currently, FDI-related business is not delegated to branch offices of the Korean banks.

If the government delegates the business to the "branch offices" of foreign banks, he said domestic banks could complain of discriminatory treatment. If the business were allowed to branches of both domestic and foreign banks, it would be inefficient and uneconomical as more banks than needed would be involved.

The official said, "Except for the FDI notification acceptance and post-registration regulations, there are no restrictions on foreign-invested companies in using branches of foreign banks here. Also there is no discrimination against foreign banks in connection with conducting general banking affairs for foreign-invested enterprises, he said.

In addition, foreign-invested companies would prefer to use branches of domestic and foreign banks, which are located near their factories or offices as the main offices of domestic banks are located mostly in the center of cities, the official said.

But he said the government will keep a close eye on the trends of foreign investment and processing by banks and when it becomes necessary to expand the delegation to branches of domestic banks, it will consider positively providing the same responsibilities to foreign banks here.

Dissident Groups Form Conference for Unification

SK0207062794 Seoul YONHAP in English 0513 GMT 2 Jul 94

[Text] Seoul, July 2 (YONHAP)—A dissident-oriented popular movement for national reunification, dubbed "the National Conference for Independent and Peaceful Unification," was formally inaugurated in a ceremony held in Seoul Saturday.

The conference was founded at the end of February with the participation of 106 representatives from 51 religious, social and dissident groups including Chongukyonhap, the National Alliance for Democracy and Unification in Korea.

It will be headed by 20 co-chairmen under a collective leadership system. It consists of such dissident organizations as Hungsadan, the National Teachers' Union, the National Federation of Farmers and Hanchongnyon (the Federation of University Student Councils) as well as religious groups including the Catholic Priests Association for Justice, the Won Buddhists Association for Social Reform and the Christian Federation for Social Movement.

In an inaugural statement, the national conference said it would bring together all movements to realize the independence, peaceful unification and grand union of all Koreans as expressed in the three principles of the July 4 South-North joint statement in 1972.

Vowing that it will seek to repel all "anti-unification trends," the statement called on the people to strive to make 1995 the first year of a national unification era.

The meeting also resolved to support the inter-Korean summit, seek the stoppage of mutual slander between South and North Korea, stage a 1 million signature-collection movement by Aug. 15 to realize peace on the Korean peninsula, and work to fulfil the South- North basic agreement and the joint declaration on denuclearization of the Korean peninsula.

Officials Explain President's Remark on Donations

SK0207053894 Seoul THE KOREA TIMES in English 2 Jul 94 p 2

[From the Press Pocket column: "Kim's Confession"]

[Text] Chongwadae [presidential office] officials are busy explaining what President Kim Yong-sam really meant by his recent remarks that he had been helped financially by his friends and businessmen during the "difficult" times when he headed opposition parties.

President Kim, who vowed that he will never receive political donations from businessmen while in office, confessed in a meeting with the new National Assembly leadership Wednesday that he was helped by many friends who operate small businesses when he, as an opposition leader, was financially strapped.

President Kim continued, "From now on you politicians will not have to worry about political fund-raising as the newly introduced election law strictly regulates campaign spending. The law will be enforced stringently from the upcoming National Assembly by- elections."

A number of ruling Democratic Liberal Party [DLP] lawmakers, most of them affiliated with the "affluent" Minjong faction, apparently interpreted President Kim's remarks as an avowal that he will no longer take issue with how they amassed their fortunes in the past.

Many DLP lawmakers were nervous over President Kim's constant purge of ruling party politicians over their ill-gotten gains and they are apparently heaving sighs of relief over the fact that Kim was also not immune to the long-held tradition of wheeling and dealing in Korean politics.

Chongwadae officials, however, warned that this is wishful thinking and President Kim will not forgive any financial wrongdoing in the past, as well as in the future.

"President Kim meant to emphasize his determination to realize clean politics by his remarks," a presidential security said. "Kim's remarks should not be interpreted as giving indulgence to corrupt politicians in the past."

President on Expansion of National Infrastructure

SK0207024594 Seoul YONHAP in English 0211 GMT 2 Jul 94

[Text] Chongwon, July 2 (YONHAP)—President Kim Yong-sam on Saturday called for steady expansion of the nation's infrastructure, asserting that its role cannot be overemphasized in building up Korea's international competitiveness.

Speaking at the 11th meeting on the "new economy" held at the Central Area High-Speed Railway Construction Office here, the president said he would pursue infrastructure expansion during the remainder of his presidency.

Kim said a huge amount of capital is needed to improve infrastruture and the necessary funds could be raised through joint participation by both the private and government sectors.

Touching on the recent strikes that partially crippled railroad and subway operations, President Kim said that in handling the stoppages' aftermath the government would follow the law strictly.

"The operation of social overhead capital cannot be suspended for even a moment in collective selfish actions like strikes," the president said.

All government offices and industries, he said, should strive to build cooperative labor-management relations based on mutual trust.

Meanwhile, in a message on the government's introduction of the year's first supplementary spending bill of 348 billion won, President Kim said his administration would carry out rural infrastructure improvement projects by 1998, three years ahead of schedule, in an effort to better help rural people.

President Kim said the projects envisaged in the supplementary budget bill would constitute the first step toward easing rural difficulties stemming from the projected farm market opening and toward building better rural communities.

Splinter Parties Merge, Form 'Democratic Party'

SK0407082594 Seoul YONHAP in English 0646 GMT 4 Jul 94

[Text] Seoul, July 4 (YONHAP)—The United People's Party (UPP) and the Party for New Political Reform (PNPR) agreed to merge and form "the new Democratic Party" at a meeting held Monday.

Under the agreement the merger preparations, including registering with the central election management committee under the name of the new Democratic Party, will be completed by Saturday.

The new party will come under the joint leadership of the UPP's Kim Tong-kil and the PNPR's Pak Chan-Chong.

New Party Selects Convicted Lawmaker's Wife

SK0607090894 Seoul YONHAP in English 0748 GMT 6 Jul 94

[Text] Seoul, July 6 (YONHAP)—The scheduled Aug. 2 by- election in Taegu took a bizarre turn Wednesday when the infant New Democratic Party (NDP) made a bombshell announcement: Its candidate is the wife of the convicted lawmaker who lost his National Assembly seat for taking bribes.

Hyon Kyong-cha will try to take over the Susong-A district seat vacated by her husband Pak Chol-on after the Supreme Court upheld a lower court's decision last month mandating a prison sentence of one and a half years for the former lawmaker.

Pak, the power-wielding "crown prince" under former president No Tae-u, was found guilty of taking bribes from slot-machine kingpins.

The ruling Democratic Liberal Party (DLP) immediately smirked at the move, asking if the NDP is comparing Hyon to Corazon Aquino.

But opposition Democratic Party (DP) leader Yi Ki-taek was more receptive, saying he expected the move "200 percent" and suggesting that Hyon may be selected as the single candidate for the entire opposition.

The NDP is said to have settled on Hyon a long time ago, but kept the decision secret as part of its campaign strategy. Hyon is to hold a press conference on Thursday when she will likely say she decided to run to restore her husband's honor, tainted by the Kim Yong-sam administration's alleged political vengeance against him.

The fledgling party, a union of the Hyundai-linked United People's Party and the Party for New Political

Reform led by Rep. Pak Chan-chong, expects its candidate to be favored by over 60 percent of the voters, who it claims are sympathetic as well as anti-DLP and anti-DP.

It insists that Hyon has kept alive her husband's spirit in the constituency through continuous contact—at least two or three days a week.

The ruling camp retorts that its candidate, Chong Chang-hwa, will not take this lying down, saying he wasn't idle all that time and has even absorbed former pro-Pak forces.

The DP says Hyon no longer claims the sympathy votes she once could muster and challenges the NDP's confidence in an easy win, pointing to its own findings that she has only 30 to 40 percent support.

The fact that she is a woman will not work in her favor, both camps say, considering the constituency's conservative tendencies.

The DP is in a deeper bind than the DLP because of an inner conflict between those demanding a unified opposition candidate and those at Taegu's chapter office calling for an independent runner.

But Yi and the other leaders' inclination is to acknowledge Hyun's large following and support her for the sake of bringing the DLP to its knees in the by-election.

Despite this inclination, the inner conflict has delayed the DP's decision until July 9, the last day to register a candidate, sources said.

Reformers within the DP, like central executive council member No Mu-hyon, oppose backing Hyon on the ground that Pak was the man who once masterminded the suppression of the opposition camps.

And Taegu chapter office chief Kwon O-sun says he will yield only if Hyon runs as an independent instead of on a party ticket, an idea already rejected by the NDP which is apparently willing to risk a damaging rift in the opposition forces to contest the by-election.

Who takes the seat in Taegu, in the end, will depend on whether the NDP and the DP can find a last-minute compromise on the candidate.

Workers Strikes Begin To Taper Off

SK0507034894 Seoul THE KOREA HERALD in English 5 Jul 94 p 3

[By staff reporter Yi Kap-su]

[Text] Workers' strikes for higher wages and better working conditions at major companies throughout the country appear to be tapering off.

Following a series of foiled strike bids by leaders of the labor union at Daewoo Shipbuilding & Heavy Machinery Ltd. in Okpo, South Kyongsang Province, the labor union yesterday instructed some 100 workers, who had staged a partial strike, to return to normal work.

Accordingly, all Daewoo workers, except a mere 20 hard-line unionists who are still insisting on staging a strike, returned to work yesterday, indicating a growing possibality that the labor- management disputes may end in the near future.

Strike calls for Friday and Saturday by representatives of the labor union were thwarted successively as most unionized workers refused to participate in the union-organized walkout.

It is the first time that a hard-line union of a large company in Korea has asked striking workers to quit a walkout and return to work before its demands were accepted.

Representatives of the labor union at Hyundai Wood Industries Co., a subsidiary of Hyundai Business Group in Ulsan, South Kyongsang Province, also voted down a bill on strike action in their emergency meeting Saturday.

In the meantime, at Kia Motors Corp. in Kwangmyong, south of Seoul, and Asia Motors Co. in the southwestern city of Kwangju, the management and the labor union succeeded in reaching a tentative agreement in their collective bargaining over the weekend.

In talks Sunday, labor and management at Kia ironed out their differences over 10 hectic issues, including the reduction of working hours Saturday and the reinstatement of 20 workers who were fired in connection with labor movement in the past.

After reaching the provisional agreement, both sides entered into negotiations over wage increases, Kia officials said.

Labor and management at Asia also came to a tentative agreement Saturday, which calls for a 100 percent rise in regular bonus and the payment of 200,000 won in special bonus on three occasions—the Lunar New Year Day, Chusok, the Korean version of Thanksgiving Day and the summer holidays.

The labor union at Daewoo Automotive Components in Talsong, North Kyongsang Province, also plans to engage in wage negotiations with the management in the near future as the management yesterday decided to resume normal operation starting today.

But, workers at Hyundai Heavy Industries Co., the country's largest shipyard in Ulsan, some 280 km southeast of Seoul, continued their seven-hour partial strike yesterday.

"We are still negotiating with the management. And so while the talks are going on, we decided to go on partial strike," a union spokesman said.

The union is demanding a 12.6 percent wage increase and improvement in working conditions for shipyard workers, while the management has said it would agree to a 7.34 percent wage increase and aa rise of 50 percent in bonuses.

Union workers at Hyundai Precision and Industry Co., another subsidiary of Hyundai Business Group, meanwhile, started to stage a two-hour partial strike yesterday when the "cooling-off" period, during which staging a strike is banned under the present law, ended.

Opposition Demands Defense Minister Resign

SK0707023694 Seoul YONHAP in English 0037 GMT 7 Jul 94

[Text] Seoul, July 7 (YONHAP)—The main opposition Democratic Party on Thursday formally requested the government to dismiss Defense Minister Yi Pyong-tae over trouble caused by his controversial remarks at a recent interpellation session.

In an official statement, Kim Pyong-o, chairman of the party's policy committee, said that the nation "could not but be astounded to hear of the military, which exists for the sake of protecting the people's lives and property, drawing up a defense policy that takes the people hostage instead."

The statement also called on the government to work out a fresh defense strategy to protect such new cities in the Northern metropolitan area as Ilsan, Koyang and Uijongbu.

Kim asked Minister Yi to resign from his post immediately, taking responsibility for "dividing national opinion and creating insecurity among the people by making inconsiderate remarks prior to the inter-Korean summit talks."

Yi recently told lawmakers at an interpellation session that the government was planning to use the new satellite cities near Seoul as barricades in contingencies.

Government Statistics Show Economic Expansion

SK0107125994 Seoul YONHAP in English 0730 GMT 1 Jul 94

[Text] Seoul, July 1 (YONHAP)—Government statistics indicate that the current economic expansion will continue for the time being.

In May, industrial production rose 2.9 percent from April and 12.4 percent from a year earlier, the highest since January's 18.7-percent growth, according to figures released by the national statistical office Friday.

The monthly increase was a turnabout from April's 2.1-percent fall and the yearly rise was up from April's 8.5-percent growth. Consequently, industrial production in the first five months registered a 10.4-percent increase over the same period last year, in which it grew only 1.1 percent.

The expanding domestic car market, increasing semiconductor exports and completed repair and maintenance work at petrochemical plants and oil refineries pushed up production for the heavy and light industries by 15.7 percent and 3.2 percent, respectively, in the five-month period over the year before.

By sector, automobiles grew by 33.5 percent, audio-visual and telecommunications by 16.9 percent, oil refining by 14.9 percent and machinery and equipment by 14.3 percent, but leather and footwear suffered a 13.9-percent decline and cigarettes fell 3.4 percent.

Exports jumped 11.8 percent in May over April, with shipments to overseas markets growing 12.3 percent on the strength of a 17- percent export increase against an 11.5-percent rise of shipments to the domestic market.

Inventory, or the stock of goods on hand, grew 6.2 percent in the month against April's 3.1-percent increase. May's steeper rise was due to slowed growth in domestic demand for electronic home appliances.

The manufacturing industry operated at 83.9 percent of full factory capacity in May, compared with 81.1 percent in April and 83.4 percent in March.

Machinery orders, except for shipbuilding orders, are tentatively estimated to have recorded an increase of 23.6 percent in May, with manufacturing sector orders soaring 44.5 percent, a reflection of brisk production activity. Import permits for machinery also climbed 78.7 percent, indicating an upswing of corporate investment in plants and equipment.

Construction orders also showed a firm 14.4-percent increase in the month.

The wholesale and retail industry grew 8 percent in May, compared with April's 8.8-percent growth. The growth rate of domestic consumer goods shipments accelerated from April's 7.4 percent to 9.1 percent in May, with shipments of durable consumer goods, such as cars and consumer electronics, increasing 17 percent.

Employment in the manufacturing industry increased 12,000 from April to 4,716,000, following the upward trend from January, while the jobless rate fell from April's 2.6 percent to 2.4 percent (seasonally adjusted) and from 3 percent a year before.

The leading index, a measure of business activity two to three months later, and the coinciding index, an indicator of current business activity, stood at 126 and 127.8 (with 100 in 1990), respectively, up 1.4 each from April.

Finance Ministry Scraps Plan for Conglomerates

SK0607055494 Seoul THE KOREA HERALD in English 6 Jul 94 p 1, 8

[By staff reporter Choe Nam-hyon]

[Text] The government has decided to scrap its earlier plan to help foster financial conglomerates independent of industrial capital, the Ministry of Finance said yesterday.

The ministry said the government instead plans to improve the management of commercial banks by either lowering or raising the current 8 percent ceiling on equity ownership by individuals and their immediate family, relatives or those with special business ties. At the moment, however, the ministry said the government will not consider creating financial conglomerates encompassing banks, securities companies, insurance companies and other financial institutions. It would cost too much to create the conglomerates, the ministry said, though advocates promote them on the grounds that they would possess economies of both scale and scope and improve competitive advantages. The ministry said the downside would include ensuring favoritism and concentration of wealth in the hands of a select few.

Instead of creating financial conglomerates, the ministry said, the government may promote the control of commercial banks by investors who do not have stakes in industrial concerns. For example, it said, investors who have large stakes in securities companies, insurance companies and other financial institutions could be allowed to win up to 15 percent of a commercial bank's stock if they have no holdings in non-financial companies.

The ministry unveiled this and other options the government is considering in its reform of the financial industry, at a public hearing held at the Korea First Bank headquarters yesterday afternoon. The public hearing was sponsored by the Korea Institute of Finance.

The first option is to have commercial banks maintain their current ownership and management structure for a while and later make moderate changes, or introduce a new council of large shareholders to supplement the revised structure. This option, the ministry said, is based on the belief that it is not necessary to foster financial capitalists (investors with a large number of shares) and permit them to control commercial banks. The ministry proposed that commercial banks maintain the status quo for two or three years with regard to the equity ownership limit and the operation of the nine-member councils authorized to nominate bank presidents. Then they may promote a stricter separation of ownership and management by lowering the equity ownership ceiling from the current 8 percent to 4 percent. The government may choose to continue to operate the nominating councils or abolish them and adopt other means of selecting management.

The council is currently composed of three members selected by the outgoing president, two by small shareholders, another two by large shareholders and the rest by clients. When a nominee is selected by the council and approved by the Office of Bank Supervision, his appointment is decided by a vote at a shareholders' meeting. The ministry said a new council of large shareholders may be created to support the nominating council and oversee management. The council of large shareholders would hold regular meetings with the board of directors to evaluate the bank's performance, supervise the management and to offer advice, the ministry said. Also the council of large shareholders, each having a 1 percent or larger equity stake in the bank, could present its opinions at shareholders' meetings and select two additional members of the nominating council. When two or more companies of an industrial conglomerate have large equity stakes in a bank, the ministry said, the conglomerate would only be allowed to select one member of the council of large shareholders.

The second option is to allow financial capitalists to control commercial banks. Financial capitalists would be allowed to own up to 15 percent of a bank's stock, either alone or together with their immediate family, relatives or those with special business ties, while the ceiling on the equity ownership by industrial capitalists and others is reduced from the current 8 percent to 4 percent. If a financial capitalist is to control a bank, either alone or with other financial capitalists, the ministry said, he would have to win at least a certain portion of the bank's stock. The ministry suggested a 10 percent stake. Only individuals, not corporations, would be allowed to control banks when they have no special ties with industrial capitalists controlling such conglomerates as the Samsung Business Group or the Hyundai Business Group, said the ministry. They would be allowed to purchase bank stocks only with their own money, not using borrowed money. The government would not give tax breaks or any other incentives to individuals disposing of their properties and stakes in nonfinancial corporations to buy stocks to control banks.

The ministry voiced opposition to the proposed creation of financial groups encompassing banks, securities companies and insurance companies, which has been promoted by the authors of the nation's current five-year economic development plan, including Pak Chae-yun, senior presidential secretary for economic affairs.

The costs of creating the financial groups would outweigh the benefits, the ministry said, adding that it is not appropriate to discuss the issue at the moment. The Economic Planning Board supported the ministry's stance on the issue. Citizens National Bank and Korea First Bank said they support the idea of creating a council of large shareholders. They were the only banks to send panelists to the public hearing.

If the government should allow a financial capitalist to buy up to 15 percent of Citizens National Bank's stock for control of the bank, a bank official said, it would be criticized for having given unfair favors to the capitalist. The reason being that with a small amount of capital, the financial capitalist would have control of a large bank with 24 trillion won in total assets, said the bank official, adding that 175 billion won would be enough to acquire 15 percent of the bank's stock. It would be difficult for the bank to increase capital to raise its capital adequacy ratio from the current 3 percent to 8 percent recommended by the Bank for International Settlements if the financial capitalist was in opposition to the proposed capital increase, he said.

The government is set to privatize Citizens National Bank specializing in lending money to consumers and small-and medium- sized companies next year.

A representative of Daehan Kyoyuk Insurance Co., which has set its sight on acquiring a bank to become a financial conglomerate, demanded the government promote the introduction of financial conglomerates as it had in its current five-year economic development plan. [sentence as published]

Other panelists were divided in their opinions on the ownership issue.

Later this month, the government plans to create a task force of officials from the Ministry of Finance, the Economic Planning Board and the Bank of Korea and representatives from commercial banks, research institutions and universities. The task force, headed by the first assistant minister of finance, will study the outcome of yesterday's public hearing and draft a plan to reform the structure of bank ownership during the second half of this year, the ministry concluded.

Chaebol Urged: Refrain From Privatization Bids

SK0607055694 Seoul THE KOREA TIMES in English 6 Jul 94 p 8

[By Staff Reporter Kim Chang-yong]

[Text] Deputy Prime Minister-Economic Planning Minister Chong Chae-sok yesterday called on large business groups to refrain from bidding for government shares in 10 small privatized enterprises to give small privatized enterprises to give smaller companies a better chance to take them over.

The 10 enterprises, part of 68 partly state-financed corporations subject to the administration's privatization program, included Korea Textbook Printing Corp., mutual savings and financing companies, a telephone directory publishing company, and a tobacco vending machine company.

They are all small enterprises with paid-in capital of below 20 billion won and are suited for operation by small and medium private businesses, Chong said.

His step came amid growing criticism of the administration's loosely-managed privatization that is making big chaebols begger. He admitted that "as leading groups engage in overheating competition there are worries about their expansion of business scope and opinions in favor of more opportunities given to smaller ones.

Under modifications to the program designed to "minimize concentration of economic power on business groups and enhance the bidding chances of small firms," the 30 largest groups will face rigid ceilings on their investments in other firms and obligations to improve their own-capital ratios.

The 30 groups in terms of assets are under the strict supervision of the Fair Trade Commission at Chong's Economic Planning Board [EPB] which is keeping tabs on their investment in other companies, bank loans and participation in new industrial fields.

The EPB and other relevant ministries are weighing ways and means to help groups and companies other than the 30 ones take part in tenders for big public enterprises. One idea is to diffuse ownership by listing their shares on the stock market and then hand them over to private investors through competition.

Three big companies to which the privatization formula will be applied are Korea Gas Corp., Hanjung, formerly Korea Heavy Industries & Construction Co., and Korea Tobacco & Ginseng Corp., whose paid-in capital is 177.4 billion won, 521 billion won and 1,380.6 billion won, respectively as of last year-end.

Gas Corp. and Hanjung are scheduled to be privatized next year and Tobacco & Ginseng in 1998.

Chong reserved his aggressive policy to nurture a few groups solely specializing in banking services and to allow them to take over four state-run banks—Citizens National Bank, Korea Exchange Bank, Korea Industrial Bank and Korea Housing Bank.

"Privatization of the banks will be determined after the administration decides on whether to introduce financing groups or not," he said in a hastily called press meeting timed with a Foreign Ministry seminar on the increasingly sensitive issue yesterday morning.

The EPB, the top economic agency, insists that only groups involved in the financial business, not in manufacturing and other service sectors, should be entitled to take over government equity of the state-run banks, but the Finance Ministry objects to the EPB's position.

Citizens National Bank and Korea Exchange Bank will be privatized later this year and next year. Privatization schedules for the two other banks will be set after their capital is increased.

The deputy prime minister warned that companies seeking to acquire rights through illegal means or slandering other competitors would be disqualified, vowing to make procedures for privatization "fair, clear and transparent."

Several groups indulged in demagoguery and slandering in mudslinging bids for Korea Mobile Telecom and other public enterprises and more recently Samsung and Dongbu engaged in a dirty war for Korea Fertilizer & Chemical Co.

The first round of bidding for Korea Fertilizer was aborted with Samsung's dropping out of the race and the second round draws near as Dongbu accuses Samsung of a lack of morality and the latter poises to recover the company.

Rain Damage Estimated at 1,230 Million Won

SK0207030794 Seoul THE KOREA TIMES in English 2 Jul 94 p 3

[Text] As the annual rainy season sets in across the nation, about 2,827 hectares of farming lands were deluged, and two persons were listed missing in a two-day heavy rain.

Damage in the farming areas is estimated to reach roughly 1,230 million won, the Agricultural, Forestry and Fisheries Ministry said yesterday.

In a torrential rain, concentrated on Chungchong-pukto, a central region of the nation, a 33-year-old woman, identified as Yi Yun-son, was carried away by the currents of Chungyong-chon stream after a road in Tanyang County caved in.

In Yoju County, Kyonggi-do, another woman, identified as Yun Un- chu, was swept away, while trying to cross the swelling Namhan River in her car.

Rainfalls in Chungchong-pukto were recorded to amount to 292 millimeters in Chungju, 253 in Umsong and 247 in Chechon, with seven roads being blocked and four bridges destroyed.

In the innermost region of Kyongsang-pukto, a total of 13 houses and 860 hectares of land were flooded by the torrential rain amounting to 318 millimeters.

Torrential rain, bringing landslides, destroyed a total of 20 roads across the nation, suspending road traffic at six areas, including a 12-kilometer road in Tanyang County, Chungchon-pukto.

A total of 55 public facilities were also damaged by the heavy rain, and communications lines were cut in Tanyang and Chechon Counties, as the telephone cables and swithching system were flooded in water.

The skies will clear up this afternoon, but will bring heavy rains again tommorrow the weathermen forecast.

By region, Kyongsang-pukto suffered the greatest damages with 1,690 hectares of farm lands deluged, followed by 617 hectares Chungchong-namdo, 515 hectares Chongchong-pukto and five hectares Kangwon-do.

The damages to farming areas are most likely to swell as the rainy season is to last another week, the ministry said.

On the other hand, a storm warning was posted for the western coast, keeping fishing and passenger boats in port. On the eastern coast, about 4,500 vessels have been detained for two days due to the four to five-meter high waves on the sea.

Brunei, Malaysia & Singapore

Malaysia

Minister Says No Decision To Buy Ship From U.S.

BK0707061394 Kuala Lumpur BERNAMA in English 0424 GMT 7 Jul 94

[Text] Kuala Lumpur, July 7 (OANA/BERNAMA)—Malaysia is still negotiating with the United States authorities on the planned purchase of a military transport ship, Defence Minister Najib Tun Razak said here. He said the possible purchase of the 6,000-tonne Newport-class landing ship tank (LST) was still being worked out with the U.S. Government and the U.S. Navy which operates the ship.

It is not finalised yet whether we will lease the ship and buy it later or make an outright purchase. Perhaps the navy wants it back after the lease period, Najib told reporters here.

The U.S. Government had quoted RM38 million (U.S.$1; RM2.6) for a 40-month lease of the ship, which the Royal Malaysian Navy (RMN) could use to transport troops to Sabah and Sarawak and for peacekeeping duties overseas, Najib said. The RMN is using the KD [royal navy vessel] Indera Sakti and KD Mahawangsa as logistics support ships. The U.S. Navy has 19 LSTs in its service.

* Mahathir Denies Providing Arms to Bosnia

94SE0158C Kuala Lumpur BERITA HARIAN in Malay 1 Jun 94 p 2

[Article by Kamal Ahmad]

[Text] Kuala Lumpur, 31 May—On 31 May Prime Minister Mahathir Mohamad denied that Malaysia is involved in supplying small arms to Islamic soldiers in Bosnia-Herzegovina to oppose acts of aggression by Serbian terrorists, as reported by Cable News Network (CNN) in Kuala Lumpur on the same date.

The prime minister said: "If there is anyone, anywhere, who is providing arms to Bosnia, it is certainly not Malaysia. We know nothing about this matter."

He said that CNN may have misinterpreted the fact that Malaysia is sending arms to more than 1,500 troops in the United Nations Protection Force (UNPROFOR) in Bosnia. He stated: "However, we have forces there. Maybe the report is based on the fact that we are providing our forces in Bosnia with arms. That is all."

The prime minister commented on the CNN report after presiding over a meeting of the German-Malaysian Institute (GMI) at Taman Shamelin, in the Cheras area of Kuala Lumpur on 31 May. He said: "We are not involved in the business of selling arms."

The news report, which was distributed by CNN on 31 May, accused Malaysia, Turkey, and Iran of providing arms to Islamic soldiers in Bosnia.

Dr. Mahathir was also asked about the protest made by Zainal Rampak, president of the Malaysian Trade Union Congress (MTUC) against the decision by the government to send an official of the CUEPACS labor union to represent Malaysia at the 81st meeting of the International Labor Organization (ILO) in Geneva. He said that the MTUC should have accepted the government decision choosing a CUEPACS official as the representative of Malaysian labor organizations to the ILO. He continued: "The MTUC must accept the system of alternately designating representatives of the MTUC and of CUEPACS to the ILO 373 meeting."

He concluded: "Therefore, when it is the turn of another organization (CUEPACS), the MTUC should accept it."

* Relations With Beijing Reach 'New Phase'

94SE0158B Kuala Lumpur BERITA HARIAN in Malay 31 May 94 pp 1, 2

[Text] Kuala Lumpur, 30 May—Relations between Malaysia and China have reached a new phase of understanding and cooperation, and the two countries should be proud of this development, said Malaysian Prime Minister Dr. Mahathir Mohamad. The prime minister said that during the past five years bilateral relations have increased quickly in many areas of cooperation.

In his message of 30 May to Chinese Prime Minister Li Peng on the occasion of the 20th anniversary of the opening of diplomatic relations between China and Malaysia, Dr. Mahathir said: "I believe that this situation can be further strengthened in the coming years." The text of his message was made public by the Office of the Prime Minister.

Diplomatic relations were approved in Beijing on 31 May 1974 between the late Abdul Razak, then prime minister of Malaysia, and the late Chou En-lai, then prime minister of China.

Dr. Mahathir accorded high praise to the wisdom and courage of Prime Minister Razak because Malaysia was the first country of ASEAN to establish relations with China.

Dr. Mahathir said: "I feel proud of the establishment of close relations between Malaysia and China. It is only right also to accord praise to the pragmatic and far-sighted leadership of China."

The Malaysian prime minister said that the establishment of good relations between these neighboring countries brought positive results in bilateral relations.

Dr. Mahathir said that Malaysia and China may feel proud about these satisfying relations over the past two decades.

In addition to the rapid improvement in cooperation in the fields of economic relations, trade, and investment, Dr. Mahathir said that cooperation in other fields, such as tourism and people to people relations will increase understanding and friendship.

Abdullah Ahmad Badawi, Malaysian minister of foreign relations, also sent a similar message to Chinese Foreign Minister Qian Qichen.

Meanwhile, in his message of congratulations to Dr. Mahathir, Chinese Prime Minister Li Peng said that China and Malaysia are two developing countries which have similar historical experiences and which are working hard to develop their respective economies.

In a statement issued by the Chinese Embassy in Kuala Lumpur on 30 May Chinese Prime Minister Li Peng was quoted as saying: "The seed of friendship between China and Malaysia during the past 20 years has borne fruit. I am convinced that this friendship which is now being strengthened will become even more fertile in the coming years."

Recalling the three visits of Dr. Mahathir to China a few years ago, the Chinese prime minister said that the visits had helped understanding and trust to develop and also brought relations between China and Malaysia into an era of development.

* Market for Malaysian Oil, Gas Said Growing

94SE0146A Kuala Lumpur BERITA HARIAN in Malay 24 May 94 p 8

[Text] Following a recent meeting on raw materials, it appeared that Malaysia and other developing countries such as Indonesia, Vietnam, and Papua New Guinea are considered to be among the largest oil and natural gas exporting countries in the world, with the exception of the countries in the Middle East. W.E. Bradford, president and chairman for operations of Dresser Industries, Inc., said that this conclusion was reached in view of the fact that more than 20 percent of the world's petroleum production in 1993 was turned out in Asia and the Pacific.

Bradford said: "This increased use indicates that the world community is beginning to become aware of the quality of the petroleum produced by the countries of Asia and the Pacific, including Malaysia, over the past 10 years." He made this statement after presenting a working paper entitled, "Prospects, Challenges, and Opportunities for Business," before a meeting of the Pacific Basin Economic Council, held in Kuala Lumpur on 23 May. Bradford stated that, in addition to petroleum, the market for liquified natural gas (LNG) in Malaysia, Indonesia, and Brunei is also considered to be growing, following the construction of a network of 10,500 miles of gas pipelines in this area.

In addition to Bradford, personalities attending the meeting who also presented working papers included Delfin Lazaro, secretary of energy of the Philippines, and Hiroshi Watanabe, chairman of the board of Tokyo Gas Co. Ltd. in Japan.

Meanwhile, Lazaro, who presented a working paper entitled, "Prospects, Challenges, and Opportunities for Business in the Energy Industry in the Philippines," also said that his government is encouraging the participation of foreign countries in the energy sector in his country.

Singapore

Breakaway SDP Faction Forms New Political Party

BK0607151394 Singapore THE STRAITS TIMES in English 6 Jul 94 p 3

[Excerpt] The breakaway faction of the Singapore Democratic Party [SDP] filed an application yesterday to register a new political party to be called the Singapore People's Party. The new party will aim to be a "moderate version of the SDP" that will not oppose government policies for the sake of opposing, said its pro-tem secretary-general, Mr Sin Kek Tong.

"In my own judgment, the existing collective leadership has drifted away from the traditional moderate policy of the SDP," he told THE STRAITS TIMES after submitting the application at the Registrar of Societies. He referred in particular to the hunger strike by Dr Chee Soon Juan, the SDP's acting secretary general, last year. The new party, he added, will aim to create a caring and civic society in which people could enter politics without fear.

"Those who are capable and can lead must lead. That is the political environment we want for Singapore," said the 48-year-old businessman. The new party will also urge a liberalisation of publishing and internal security laws, he added.

On the economic front, he said the party aimed to focus on wealth distribution and adopt the philosophy of "do not complain if you are poor, but complain if it is not fair".

On whether the former chief of the SDP, Mr Chiam See Tong, had been approached to join, Mr Sin said he had not been asked. He declined to say if the new party would do so later, adding: "Whoever wants to join us will be welcome."

Mr Chiam, MP for Potong Pasir, could not be contacted for comment. [passage omitted]

Cambodia

VGNUFC Reacts to U.S. Official's Statement

BK0707022994 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 6 Jul 94

[Text] Winston Lord, U.S. assistant secretary of state, recently went to Hanoi to meet and discuss with the communist Vietnamese leaders the issue of refugees in Cambodia.

At the order of the U.S. Government, Winston Lord told the communist Vietnamese leaders that the U.S. policy is to let Vietnamese nationals flow into Cambodia at will. Winston Lord further specified that he will order Charles Twining, U.S ambassador to Cambodia, to raise this issue with the two-headed government in Phnom Penh.

People have noted that this is the second time Winston Lord has raised the issue with the communist Vietnamese leaders. The people's view is that the United States is acting this way:

1. To allow millions of Vietnamese nationals to flow into Cambodia, part of the communist Vietnamese's Indochinese federation and to transform Cambodia into a second Kampuchea Kraom [former Cambodian territory now part of southern Vietnam];

2. To oppose the Cambodian nation and people, who want an independent, peaceful, unified, and neutral Cambodia with its territorial integrity; and

3. To oppose national reconciliation and peace and to continue fueling the Vietnamese aggressors' war in Cambodia to fight the Cambodian nation, people, and national resistance forces so that the United States could incorporate Cambodia into its sphere.

People have asked this question: Why is the United States wooing the communist Vietnamese to (?destroy) the Cambodian nation and race? The answer is that, following the Paris agreement in October 1991, the United States has no forces left to implement an (?invading) strategy in Cambodia. The United States is relying on 99 percent of the communist Vietnamese forces in Phnom Penh and 100 percent in the provinces. However, by acting this way, the United States is stupid and does not know the true nature of the communist Vietnamese and their expansionist strategy in Cambodia and Southeast Asia. The United States cannot tell friend from enemy. The enemy is the Hanoi Vietnamese and the Vietnamese [words indistinct] who threaten peace, security, and stability in the region.

As for the Cambodian people, they only want friendly relations with the United States and the American people in accordance with the aspiration of the two people who love peace and justice. However, if the U.S. Administration, with Winston Lord in it, act in this way, the Cambodian people will absolutely oppose them and will absolutely not not allow them to do this.

U.S., Australia, France Said Aiding Phnom Penh

BK0507053394 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 4 Jul 94

[Text] UN officials in Phnom Penh say the French Government has agreed to train and arm 550 special policemen of the two-headed government who will later serve on the Siem Reap battlefield. Moreover, Mak Sitao, a major in the government police force in Sisophon, has said that the puppet troops have just received new armament shipments from the United States, Australia, and France. However, leaders of those countries always deny that they are providing any military aid to the two-headed government.

National and international opinion, especially the Cambodian and regional peoples, are closely following the matter because providing military aid is tantamount to adding fuel to the flames of war, thereby affecting the survival of the Cambodian nation and people, and regional peace and stability. On the contrary, national reconciliation is water to extinguish the flame of war, bringing peace to Cambodia.

Assembly Approves Article of Khmer Rouge Bill

BK0607134494 Hong Kong AFP in English 1315 GMT 6 Jul 94

[Text] Phnom Penh, July 6 (AFP)—Cambodia's parliament adjourned Wednesday having approved one of eight articles in a bill to formally outlaw the Khmer Rouge. Parliament adopted the first article of the proposed law and was debating the second when the session ended Wednesday. The first article, which simply declared that the Khmer Rouge were outlaws, was adopted without dissent.

"We will continue the debate tomorrow," an advisor to co-premier Hun Sen said.

The other articles contain a series of tough measures, including the power to arrest members of the radical faction, sentence them to prison terms ranging from 20 years to life and to seize Khmer Rouge assets at home and abroad.

"Everyone agrees that the Khmer Rouge should be outlawed, what we do not agree on is how it should be done," said MP Pol Ham of the Buddhist Liberal Democratic Party (BLDP).

Opponents of the bill fear some of its provisions will be used by the government to stifle legitimate opposition. Chairman of the parliamentary commission for human rights, Kem Sokha, said supporters of the law were still objecting to proposed amendments to guarantee the rights of innocent people. Currently about 104 of the 120 assembly members support the bill.

The amendments, proposed by Finance Minister Sam Rangsi, said the law "cannot be used to eliminate freedom of expression" and that "confessions extracted through physical or mental intimidation cannot be used as evidence."

The amendments also stipulate that the law be suspended if the Khmer Rouge agree to an unconditional ceasefire.

A final vote on the bill was unlikely Wednesday as co-premiers Prince Norodom Ranariddh and Hun Sen and other senior government members were preoccupied with a security clampdown on government and military officials suspected of involvement in the weekend's abortive coup.

Parliament was originally scheduled to go into recess on Thursday.

Columnist Outlines Isolation of Prince Ranariddh

BK0607133394 Phnom Penh KAOH SANTEPHEAP in Cambodian 6 Jul 94 pp 1, 4

[From the "Today's Comment" column by Professor Sa-em Phalkun: "At No Time Has Prince Krompreah Been More Isolated"]

[Text] When FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] wanted most to showcase its force in public, **Prince Krompreah [Norodom Ranariddh] instead showed to all that it is difficult to keep that force united in order to attack and outlaw the Khmer Rouge. FUNCINPEC will become a minority party, second to the People's Party [CPP], if elections are held.** This is because those who are pro- Khmer Rouge have their ringleaders, **such as Sam Rangsi and Prince Kromkhun [Norodom Sirivut], who have succeeded in securing an important following.**

Those in the Prince Krompreah-led FUNCINPEC faction who prefer the CPP school of thought **must garner more than 30 votes in order to defeat the Khmer Rouge, or more than 51 votes in order to become a majority party.**

Now that he has observed and knows what stands between him and success, His Highness [Norodom Ranariddh] is using a big stick to deal with internal rifts. **However, the rifts are already beyond repair.** So, in order to vanquish both the Khmer Rouge and the pro-Khmer Rouge groups, **Prince Krompreah must, by all means, thank Samdech Hun Sen for readily giving him the package of 51 votes that he needs.**

The king himself deserted FUNCINPEC when he was confronted by the renegade-son attitude of Prince Krompreah. It was for this reason that just three days after Prince Krompreah said that "the king is 100 percent cured of his ailment," the king himself retorted that **"he needed to stay in the hospital for three more months; that no one would be allowed to visit him; and that he would not sign any law which outlaws the Khmer Rouge." Certainly, the prince was just inviting trouble.**

Where have all the royal family members gone?

The princes who have their names on the political stage, even fleetingly, seem unable to come to his rescue. Prince Kromkhun has declared himself pro-Sihanouk; Prince Chakkrapong is now in exile; as for Prince Kromluong [Norodom Yuveakneat], who was known to conduct all activities in the name of the royal family, he secretly left the monkhood and then Phnom Penh for the United States with an aura of worries floating around him.

And almost everybody who is somebody in FUNCINPEC has not overtly expressed allegiance to him.

During a press conference for the 2 July public opinion show of National Assembly members, four persons were seen in place of those who were actually invited to attend. These four were Chheang Vun, Son Soubert, Kim Sokha, and Kan Man. Of these four, the following traits can be summed up: His Excellency Son Soubert, as an expert, was able to explain all the legal angles of the bill. His Excellency Kim Sokha was the only high personality who was not afraid to side with or against the case presented and who was not intimidated at all by pressure—however, he is not a FUNCINPEC member. As for His Excellency Chheang Vun, he was assigned the task of creating public disorder and causing confusion to prevent anyone from discussing the Khmer Rouge issue. **This is why, when His Excellency Kan Man began to speak in defense of Prince Krompreah, he was abruptly stopped by His Excellency Chheang Vun, who cited provisions of the law like a man stomping on a brake!**

Now the final verdict has been announced. **"The king will not sign this Khmer Rouge law." It means that the Royal Government is down on its knees. And the one man most isolated is Prince Krompreah... because Samdech Hun Sen continues to enjoy the warm backing of his "very united" party.**

This would be a great faux pas if after placing the Khmer Rouge outside the law they become even more exalted. If this is the case, who then will be responsible? Does the National Assembly have the power to deal with such a matter? No ministers stood up for interpellation concerning the Pailin fiasco. **This time, again, we should not make it obvious that our first institution is nothing but a pair of shoes for political parties.**

Sam Rangsi Comments on Decline of U.S. Dollar

BK0607104094 Phnom Penh THE CAMBODIA DAILY in English 1-3 Jul 94 p 7

[Report by Barton Biggs]

[Excerpt] The continuing slide of the US dollar on world currency markets is unlikely to effect the riel-dollar exchange rate but could drive up prices on imported goods in Cambodia, Sam Rangsi, Minister of Economy and Finance told the CAMBODIA DAILY yesterday.

"If the dollar gets much weaker, it will make our imports more costly," Rangsi said. "But unless the dollar falls dramatically further I don't expect the riel to appreciate much."

The minister estimated that in actual terms there are three times as many dollars as riel in Cambodia. He added that both the riel and the Thai baht, the second most-common foreign currency in Cambodia, are closely linked to the dollar and tend to parallel each other. [passage omitted]

Villagers Report Vietnamese Border Intrusion

BK0207131494 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 2 Jul 94 p 1, 11

[Text] People in Dong village, Dong commune, in Romeas Hek District, Svay Rieng Province, have reported that Vietnam has built a road that intrudes nearly three kilometers into Cambodian territory leading into Dong commune office.

The Vietnamese who are building this road have told the people that Vietnamese territory ends where this road ends. A few days ago this road was about 500 meters from Dong commune office. The people have also reported that the road construction stopped near the commune office because of heavy rains.

Villagers in Dong added that in 1988, during the State of Cambodia regime, they saw Vietnamese surveying the land in this area up to Dong commune office. At that time, the villagers did not know the purpose of the survey. However, in the past few years, the Vietnamese have banned villagers from farming the land on which they have been working.

An elderly man of about 60, a longstanding inhabitant of Dong village, says this farmland is Cambodian land because his grandparents, parents, himself, and villagers in Dong village have been farming it. But now, if they do not pay tax in the form of 80 kilograms of paddy per hectare to the Vietnamese, the Vietnamese will absolutely not let them work the land. In the past few years, because no results have been achieved by state authorities in solving the problem, Dong villagers have been compelled to work the land and pay tax to the Vietnamese.

This man adds that monks used to stay at a Cambodian monastery named Vat Chheuteal. Now, the Vietnamese have chased the monks out and the place is deserted. The man indicated that in 1994 Dong villagers dug a reservoir near Vat Dong monastery, about one kilometer west of Vat Cheuteal monastery, as planned by the Phar-Sar-Kor [letters in the Cambodian alphabet; expansion unknown]. But the Vietnamese have now banned the digging saying that this is their territory.

On this issue of Vietnam building the road that intrudes into Dong commune, the entire community has protested continually to commune, district, and Svay Rieng provincial state authorities but the villagers have never seen any solution or measures taken by the state authorities.

Police and the Khmer Royal Armed Forces stationed at Dong border post say that together they have already reported this matter to higher levels, but they do not know how the latter will deal with it. They say the duty of the police and the soldiers is only to check and report. The duty to solve the problem rests with the royal government.

We think that the Svay Rieng provincial authority, in particular Governor Hok Langdi, ought to quickly check the above problem himself and prepare and forward the necessary documents to the royal government for it to take action to solve the matter.

Corruption Said Choking Economic Officialdom

BK0107143194 Phnom Penh KAMLANG SETTHAKECH THMEI in Cambodian 16-30 Jun 94 p 3

[Commentary by Li Men: "We Should Not Allow Corruption To Flourish"]

[Text] Corruption in Cambodia has already become a normal occurrence. The ministers seem not to care about it, and they never try to fight it. Their only concern is how to enrich themselves, and they completely exclude all other thoughts from their mind. Although the local and foreign press has vociferously branded this or that minister as corrupt, no action against corruption has ever been taken. It is ludicrous that corruption has now been compared to the palm trees that grow in the compound of the Angkor Wat temple. Tourists visiting Angkor Wat and taking pictures of it never miss those palm trees. Many tourists cynically note that these trees, which for centuries have taken root in and seemed inseparable from this ancient temple, are a symbol for the corruption that now has stigmatized Cambodia.

If all of us, if all low and high officials in the kingdom fail to come up with a plan to eradicate corruption, one day we will be strangled to death by this scourge. Currently, each official appears completely at a loss about what he should do during his eight-hour work shift. If each official were to ask himself what he has done for Cambodia during the eight hours of his working day, our country would surely progress at a high speed, and we would see who is fit and who is not fit for which job. Presently, no one knows who is doing what. Investors applying for permits rarely obtain any prompt response. They do not know whether their applications are approved or rejected. They are made to wait ad infinitum. It is therefore not surprising that investors have lost all trust in our officialdom. Problems are particularly apparent regarding the international companies Total and Royal Air Cambodge.

The director of Total was thoroughly fed up with the endless wait and delay from one ministry to another. He was perplexed and did not know which ministry, which top official he should approach to finalize his deal. He has lost any little trust he had in our officialdom. Not a single Cambodian bureaucrat seems to be trustworthy.

If we compare major international companies with some rich local firms that have given some personal favors to the Royal Government, we will see a big difference in that the international companies would bring a lot of jobs for the Cambodian people; they honestly pay taxes; being of international stature, they ensure the reputation of their trademarks, working hard for the success of their investments; and because they are afraid of giving their firms a bad name, they try to make our country develop like the rest of the advanced world. If a major international company pulls out, other large companies tend to follow suit. Moreover, what happens to an international firm currently operating in the country is also used as a lesson, a precedent for other international firms wishing to come in. They always study the experience of pioneering firms before putting their investment money here. Furthermore, international organizations and donor countries wishing to help us may very well suspend their aid if they find out that we practice favoritism and promote corruption.

Certain companies bloat themselves up and dump money to fatten the paws of corrupt officials. However, they gain only momentarily. Such companies usually lack good management. They crank out substandard products harmful to consumers. They usually doctor documents on import-export quantities and frequencies, and so on.

Taking a closer look, we see that international firms correctly pay their taxes to the state while some local companies evade taxes and pay money to individuals or political parties at the expense of the national coffer.

As for Royal Air Cambodge, a high-ranking official signed an agreement allowing the Singapore International Airline to have a 40 percent share in it and to begin business on 1 July 1994. Preparations have been made to repair the airport and its runway. However, it is rumored that this deal has fallen through. Maybe another comany is paying a lot more. If the interests of the individuals or political parties are placed higher than those of the nation, when then will we be able to rebuild the country? If a government official feels he he is not up to the job, why doesn't he just stay away and let other, more capable persons do it? He should not erect obstacles. This official is at fault, for he has agreed to let a company do it; when that company had spent millions in investment, he instead changed his mind and wanted to give the job to another bidder. When, then, will Cambodia's economy come of age? When will Cambodian economic officials know how to use their head and become far-sighted? When will they stop letting themselves be manipulated? When will they stop selling out their soul and give up short-sighted concepts?

If all the bigshots and bigwigs continue to make money in this manner, they must not forget to let the little people have a share of the pie. If the little people are left hungry and starving, one day the whole setup will collapse. If the officials and administrators are corrupt, so be it; just let those little people, who are eking out a miserable existence, live their lives. Do not cause them much more hardship and pressure. Otherwise, it would be like big trees trying to stomp out the vines. One day the vines might crawl up to the top of the big trees and choke them to death. It is now time for the Cambodian officials and Cambodian little people to wake up and join hands in solving problems of national reconstruction and economic development by eliminating all the corrupt practices.

Indonesia

* Defense Minister Urges 'Political Deregulation'

94SE0145A Jakarta MERDEKA in Indonesian 20 May 94 pp 1, 13

[Text] Minister of Defense and Security (Menhankam) Gen. (ret.) Edi Sudradjat said that as a logical consequence of the economic progress achieved by Indonesia, political deregulation is also needed in order to create a more mature Pancasila [Five Principles of the Nation] democracy.

"We must be fully aware that progress in one area must be accompanied by progress in the other area. Otherwise, the result might be confusion or even stagnation," said Edi Sudradjat speaking as a panelist at a seminar on nationalism organized by the Communication Forum of the Indonesian National University Alumni Movement (GMNI) held in Semarang, Central Java on Thursday (19 May).

Nevertheless, Edi warned the audience that this must be carried out in stages in line with the development of people's understanding. He acknowledged that changes motivated by modernization have been moving along swiftly during the Second Long-Term Development Plan (PJP II) and that they will have a direct effect on reforming the life of the nation and the state. For that reason we must be able to take a position toward those changes and to examine them closely so that we can continue to follow the red thread of nationalism," said the retired four-star general.

Furthermore, Edi Sudradjat said that the problem of stability, which has been of the highest priority in the past, is now beginning to shift away from that due to developments in the situation around us. And it is the situation around us which allows the development of political relaxation.

The problem is in regard to how far this relaxation can go. That depends on the eyeglasses that we are using. We must remember, said the Menhankam, that the level of knowledge and culture of a nation is a limit which cannot be ignored in determining how fast we can accelerate relaxation.

Earlier, Edi Sudradjat also reminded the audience that there would be a very subtle threat to the unity and integrity of the nation in the 21st century. This is due to developments that have made the world more open and frank.

"For that reason, we must continue to hone and sharpen feelings of national understanding and enthusiasm in order to fortify every citizen in welcoming the future," he asserted.

The Minister of Transmigration and PPH [Protection and Clearing of Forests], Siswono Judohusodo, who spoke at the second session, emphasized that a bit of a sense of justice is needed to stabilize national feelings in order to create complete feelings of togetherness.

"In order to realize this, various existing gaps must be narrowed down," he said.

He explained that democracy is an inseparable part of creating a prosperity which accords with development. "This will be the impetus behind an increased participation on the part of the people. Without the creation of a conducive atmosphere, democracy can not proceed," added Siswono.

Earlier on, Iman Soedibyo, Chairman of the GMNI Alumni Communication Forum of Central Java, donated a "poverty purse" of 5 million rupiahs in aid to Governor of Central Java Suwardi.

Minister Speaks on Inflation Rate, Trade Values

BK0707083094 Jakarta ANTARA in English 1640 GMT 6 Jul 94

[Text] Jakarta, July 6 (OANA-ANTARA)—President Suharto has called for cloud seeding to be used to produce rain in areas hit by prolonged drought, the information minister said at the Bina Graha Presidential Office here Wednesday.

Minister Harmoko, reporting to the press on the results of a limited cabinet session on economy, finance, industry and trade, said that a total of 113,599 hectares of rice fields were suffering from drought in several regencies in the country. Of the 113,599 hectares, 28,414 hectares are already damaged. Drought has also affected another 11,265 hectares of crops across the country, 1484 hectares of which have already been damaged.

President Suharto ordered institutions, banks and the agencies concerned to allow farmers whose paddies and crops fail due to drought to reschedule their loan payments.

The head of state also asked the national body for the development and application of technology to create a man-made rainfall in order to fill dams with badly needed water for irrigation.

The regular cabinet session was chaired by President Suharto and attended by Vice President Try Sutrisno and a number of high ranking officials.

Harmoko also reported that the inflation rate in June 1994 stood at 0.12 percent, bringing the cumulative inflation rate for the 1994/95 fiscal year to 0.88 percent and for the 1994 calendar year to 4.59 percent.

The June inflation rate is fairly low due to a drop in the price of several commodities such as food and beverages which fell by 4.59 percent.

Harmoko quoted the head of state as telling the cabinet meeting that, despite the low inflation rate, all government officials should continue their efforts to keep the inflation rate down to the minimum level.

The president said the government officials should immediately meet the demand for products in certain areas including transportation.

Harmoko also said the country's exports in April 1994 reached 3.134 billion U.S. dollars compared to its imports which stood at 2.319 billion U.S. dollars.

The country's exports in the first four months of this year reached 11.632 billion U.S. dollars against its imports standing at 9.296 billion U.S. dollars.

Editorial Views 'Regrettable' Press Banning

BK0607121994 Jakarta SUARA PEMBARUAN in Indonesian 22 Jun 94 p 2

[Editorial: "The Revocation of the Publishing Permits Is a Tragedy"]

[Text] We could really sense that a commitment to political openness was lacking in the remaining years of the fifth five-year development plan (Pelita V), which marked the end of the First 25-Year Long-Term Development Master Plan (PJP I). This situation was marked by, on one hand, the increasingly effective functioning of the political structure, and on the other, a political superstructure that is more transparent and accommodative to the dynamics of rapid social development.

The situation was also highlighted by the actions and attitude of civil servants toward national politics, either as individuals or as an institution. Several facilities and infrastructures were developed to lend support to the momentum of openness. We understand that one of ways the government seeks to create political openness is by continuously issuing deregulation and debureaucratic packages over the recent years. The government's awareness of the need to spread democratic values, human rights protection, and environmental conservation, which also has become a global issue, is also the consequence of a transparent system being implemented in the country. As a matter of fact, President Suharto established a Commission on Human Rights based on the Presidential Directive No. 5/1993 on 7 June 1993.

In line with the political openness that continues to develop in the country, several groups in society, including those in press circles, are not afraid to speak out the people's ideas and aspirations. We have come to an understanding because of this and we know differences in opinion should not be allowed to breed into contentious issues. We instead should seek ways to resolve them.

President Suharto, in his nationwide address marking the independence day of the Republic of Indonesia on 16 August 1990, underlined the link between the differences of opinions and the existence of political openness in the country. Among other things, he said that there is no need for us to be over cautious about the people's tendency to express all sorts of ideas and opinions. He said that in upholding democracy, there is a need for frequent meetings, discussions, exchange of opinions and dialogues, either between the government and the public or between the various groups of society, and among the public themselves. The differences of opinion should be considered a catalyst for the dynamics of development in life.

We are still looking for an acceptable format or structure for political openness to overcome its negative effect. We at least need to seek a common understanding about the implementation of the openness policy to ensure the positive interactions between the government, the press, and the public. We also notice that of late, the reporting in the mass media is being written in a way that can pollute the prevailing atmosphere of openness. To cite an example, Minister State/Secretary Murdiono has expressed his concern over the people's understanding of the prevailing openness, saying that it is as if there is no limit to it and they simply slip out of what they want to say.

The information minister's decision to revoke the publishing licenses of TEMPO, EDITOR, and DETIK magazines on Tuesday, 21 June was due to the fear that the meaning and trend of openness have been misunderstood.

We are shocked and saddened to learn about the government's decision to revoke the publishing licenses of the three magazines because we also belong to the press circle. Besides, we also regret and feel concerned about the incident because it takes place in an era whereby the corridor of openness is starting to widen. We are fully aware that as human beings, everyone is liable to make mistakes. Journalists are not super human. They have their weaknesses and flaws, and at the same time are not above the law. Due to these reasons, it will be ideal if they are punished by the Board of Judiciary for the acts they committed. In other words, a court procedure should decide on the mistakes committed by the journalists to guarantee that it is conducted according to the law that everyone knows about. In this way, long-term national stability will not be sacrificed for the sake of protecting short- term stability.

We are aware that the Information Department, the Press Council, the PWI [Indonesian Journalists Association], and its honorary board members now find themselves locked in a difficult position. This is because these institutions will also have to play their roles as the developers, the prosecutors, the defenders, and the judges for the magazines that committed the acts.

We hope that in the future there will be more positive interactions between the government, the press, and the public based on the symbolism of the mutually supportive principle. The principle should be implemented constantly and consistently so that the impression that only the press side had been victimized can be wiped out.

Obviously, we do not want to see the ban on the publishing licenses of the three magazines. We are confident that Information Minister Harmoko also does not want such an incident to happen and he has time and again reminded journalists to continue to observe the journalistic code of ethics. But now, it is too late to prevent the government's clamp down. However, we call on the government to think of the fate of the former employees of these magazines and we hope that this regrettable incident will not reoccur in the history of the national press.

Laos

Press Release on Somsavat Visit To SRV Issued

BK0407140494 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 4 Jul 94

["Joint press release" issued in Hanoi on 4 July on an official friendship visit to the SRV by Foreign Minister Somsavat Lengsavat]

[Text] 1. At the invitation of Comrade Nguyen Manh Cam, foreign affairs minister of the SRV, and his wife, Comrade Somsavat Lengsavat, foreign affairs minister of the Lao People's Democratic Republic [LPDR], and his wife paid an official friendship visit to the SRV from 26 June to 4 July.

2. During his stay in the SRV, Comrade Minister Somsavat Lengsavat was warmly received by and held a conversation with Comrade Do Muoi, general secretary of the Communist Party of Vietnam Central Committee, and Comrade Vo Van Kiet, prime minister of the SRV. The Lao foreign affairs minister and party visited a number of economic and social establishments in Hanoi, Quang Nam-Da Nang Province, (?Hue), and the Ho Chi Minh City.

3. Comrade Somsavat Lengsavat met and held talks with Comrade Minister Nguyen Manh Cam amidst a warm

atmosphere of fraternal intimacy and mutual understanding and trust. Attending the talks on the Lao side included Comrade Ambassador Khamphet Phengmeuang and a number of high-level cadres of the Lao Foreign Affairs Ministry. Attending the talks on the Vietnamese side were Comrade Vu Khoan, deputy foreign affairs minister, and a number of high-level cadres of the SRV Foreign Affairs Ministry.

4. The two sides informed one another of the situation in their respective countries and exchanged views on international and regional issues of mutual interest. The two sides expressed pleasure with the various important achievements made by Lao and Vietnamese peoples in all fields of restructuring, including in the foreign affairs sphere, which have contributed to creating new favorable conditions for the cause of national development of the peoples in the two countries.

5. The two sides are of the view that even though the situations in the world and the Asia-Pacific region are continuing to change in a complicated manner, the trend toward peace, cooperation for development on an equal basis is (?emerging). The two sides hailed new steps of development in the relations among the countries in Southeast Asia on the basis of bilateral relations in particular, and in the ASEAN spirit in general. The two sides expressed determination to contribute, together with the other Southeast Asian countries, to building Southeast Asia into a zone of peace, stability, friendship, cooperation, and development. The two sides reaffirmed their consistent policies to continue expanding the relations of friendship and cooperation for equal and mutual benefits with all countries in the region and the world on the basis of the respect for each other's independence, sovereignty, and territorial integrity; noninterference in each other's internal affairs; non use of force and coercion; and cooperation on an equal term for mutual benefits.

6. With regard to Cambodia, the two sides expressed a common desire that the kingdom of Cambodia attains peace and stability sooner so that it can build Cambodia into a country with peace, independence, unification, neutrality, nonalignment and having friendly relations with all countries, especially neighboring countries. The two sides reaffirmed their respective policies in maintaining and strengthening the traditional relations of friendship between Laos and Cambodia as well as between Vietnam and Cambodia and in broadening cooperation in various fields with the Kingdom of Cambodia on the basis of the respect for each other's independence, territorial integrity, equality, and mutual benefits for the interests of both countries and of Southeast Asia.

7. The two sides are profoundly satisfied to see that the special relations between Laos and Vietnam in general, and the relations between the two foreign affairs ministries in particular have been incessantly consolidated and strengthened. With a sense of profound satisfaction, the two sides have made efforts and cooperated in implementing the various agreements, as entrusted by the two high-level leaderships to the two foreign affairs ministries, for instance the agreement on aliens, the agreement to elevate the status of the border crossing at the Ban Densavan-Lao Bao point to become an international border crossing point, and the agreement to grant visa exemption to citizens of each country who hold ordinary passports to visit each other's country for official purposes. The two sides expressed determination to further strengthen cooperation between the two foreign affairs ministries as agreed upon by the high-level leaderships of Laos and Vietnam. The two sides exchanged views on the direction and detailed methods in the implementation of the cooperation agreement between the two foreign affairs ministries from 1990 to 1995, especially in exchanging information and training cadres.

8. Comrade Minister Somsavat Lengsavat expressed sincere and profound thanks to the Vietnamese side for according a warm and intimate fraternal welcome to him and his delegation during the visit.

The visit to the SRV by Comrade Minister Somsavat Lengsavat has attained a glorious success, contributing to strengthening the special relations and cooperation in all fields between the two countries.

[Dated] Hanoi, 4 July 1994.

* PRC Road Construction Project in Phong Saly

94SE0126B Vientiane PASASON in Lao 23 Apr 94 p 1

[Unattributed report: "Construction Officially Started for the New Highway From Gnot Ou District to Boun Neua District"]

[Text] The new highway from Gnot Ou District to Boun Neua District in Phong Saly Province is to be 156 km long and will cost 7.8 billion kip. They have begun construction and completed the excavating on 10 km. Construction is expected to take about 3 years.

This road is the result of cooperation between Phong Saly Province and Jiangcheng Autonomous County in Simao District of the PRC, and it is intended to facilitate travel for the people of Phong Saly Province as well as cooperation between the peoples of Laos and China living along the borders of the two countries.

The construction project held an official ceremony on 18 April. Mr Mai-en Inseng, the provincial party secretary and governor of Phong Saly Province; Mr Li Xi, the party secretary of Simao District; specialists; and more than 160 local people joined in. The two groups both indicated their pride in this cooperative project, which marked a new high-point in cooperation at the local level between the two countries. Both sides expressed the hope that there would be more cooperation in other areas in the future.

* Nouhak Phoumsavan Biography Published

94SE0126A Vientiane PASASON in Lao 9 Apr 94 p 6

[Unattributed report: "The 80th Birthday of the President of the LPDR, Nouhak Phomsavan (9 April 1914-9 April 1994)"]

[Text] Mr Nouhak Phoumsavan was born on 9 April 1914 in Ban Phaluka Village, Mukdahan District, Mukdahan Province to a farm family.

He joined the Movement for National Salvation in 1946, entered the Communist Party of Indo-China in 1950, and transferred to be a member of Lao People's Party in 1955.

He conducted revolutionary activities in each period as follows:

From 1946 to 1949 he was appointed chairman of the Committee for Lao Resistance in the East.

In 1950 he was appointed Minister of Economy in the Lao Resistance Government.

In 1954 he was appointed representative for Laos [Pathet Lao] in the talks with the Vientiane faction.

In 1955 in the Congress to establish the Lao People's Party he was elected to be a member of the party Central Committee.

In 1958 he was elected to be a member of the People's Assembly.

In 1959 he was arrested and imprisoned by the government of the Kingdom of Laos along with other leaders.

From 1960 to 1962 he was head of negotiating committee for the Lao Patriotic Front involved in setting up the coalition government.

In 1966 he was a regular member of the standing committee of the Party Central Committee. He was responsible for organization and finance.

In 1972 he was elected to be a member of the party Central Committee and the Politburo by the Second Party Congress.

On 2 December 1975 he was appointed deputy prime minister and minister of finance.

At the Third, Fourth and Fifth Party Congresses he was elected to be a member of the party Central Committee and the Politburo.

From 1982 to 1989 he was appointed first vice chairman of the Council of Ministers as well as being a regular member of the Council of Ministers.

In 1989 he was elected to be a representative in the second Supreme People's Assembly and to be president of the second Supreme People's Assembly as well as being chairman of the committee to promulgate a constitution.

At the special session of the second Supreme People's Assembly on 25 November 1992 he was elected to be president of the LPDR.

A number of pictures are shown here concerning the activities of President Nouhak Phoumsavan.

Philippines

Suspected Iranian Abu Sayyaf Supporter Arrested

BK0707102394 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 6 Jul 94

[Text] Another Iranian national suspected of having connections with Abu Sayyaf was arrested by authorities. (Shamsuddin Hoseyn), who is one of many overstaying foreigners, arrived in the country in 1990. Many foreigners have been sighted in Zamboanga, Jolo, Basilan, and Tawi-tawi while military operations have been carried out against Abu Sayyaf. Most of them are Pakistanis and Iranians. Another Iranian student in Pangasinan University is being searched for on the basis of an arrest warrant. Meanwhile, authorities are now alert to the possibility that more foreigners will be entering the country with the mission of supporting Abu Sayyaf.

Taiwan Confident of Industrial Park Success

BK0407061894 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 4 Jul 94

[Text] The Government of Taiwan believes that the Subic Bay Industrial Park will be successful. This was revealed by Taiwan Economic Affairs Minister Ping-kun Chiang based on his knowledge of the effective management of the Subic Bay Metropolitan Authority [SBMA], which according to Chiang, has changed the Taiwanese vision of the Philippines. He mentioned the honesty and dedication of the SBMA officials. Chiang witnessed the ceremony opening the Subic Bay Development and Management Corporation, the company that will undertake the industrial park project.

Moro Front's Misauri Warns of Cease-Fire Breaches

PM0707081294 London AL-HAYAH in Arabic 6 Jul 94 p 8

[Report by 'Abdallah al-Hajj: "Misauri Warns of Armed Government Attack on Muslims in Southern Philippines"]

[Excerpts] Jeddah—Nur Misauri, leader of the Moro National [Liberation] Front [MNLF], has warned of the consequences of the Philippine Government's continued military attacks on Muslims in the south of the country. In a statement to AL-HAYAH in Jeddah he said that the

Philippine Government has recently been slow in implementing the agreements and resuming the negotiations with the MNLF, which were supposed to begin in May but were then postponed indefinitely.

Misauri warned that his front could be forced to violate the cease-fire and defend itself against government attacks, which have extended to cities belonging to the MNLF in Basilan province. He said that, if matters worsen, the MNLF will be forced to unify its positions with the Moro Islamic [Liberation] Front [MILF] and Abu Sayyaf's front in order to repulse the "unobjective" government attacks. He believes that using the "Abu Sayyaf operations" as a justification for launching large-scale attacks on Islamists by the Philippine Government "is a losing card which will soon be exposed by events."

Misauri did not rule out an alliance with the MILF "in order to confront the challenges facing us." He said that "members of our front are considering this matter. However, we fear that these disturbances might lead to destroying the peace endeavors there."

Misauri pointed to the demand for the right to self-determination, saying, "we suspended our demand for the right to self-determination when we began negotiations to establish self-rule. If these negotiations fail, we will renew our demand." [passage omitted]

On Islamic efforts in the peace negotiations with the Philippine Government, Misauri said: "There are joint Islamic efforts in all these negotiations, namely through the six-man ministerial committee and in the past through the four-man ministerial committee. The secretary general of the Islamic Conference Organization also attended the negotiations, which are proceeding satisfactorily, even though no date has yet been set for the next meeting between the two sides, However, we are not worried in this connection, even though the results of the negotiations depend on the Philippine Government's position." [passage omitted]

MNLF Chief Reported Luring Back Rebel Returnees

BK0707080994 Manila PHILIPPINE DAILY INQUIRER in English 4 Jul 94 p 12

[By Armand Nocum]

[Text] Millions of pesos in public funds went down the drain when thousands of Moro secessionists who have partially availed themselves of the benefits due rebel returnees returned to the hills. This was revealed to the INQUIRER by nine former commanders of the Moro National Liberation Front [MNLF] who said some 10,000 rebels have resumed "active duty" under MNLF Chair Nur Misuari.

The ex-commanders were in Manila to attend the First Philippine Muslim Visioning Conference last weekend. A number of the rebels went back underground due to "persistent wooing" by Misuari when he returned to Sulu from exile two months ago, said Jack "Moro" Sandag. But the majority, mostly the rank and file, rejoined the MNLF due to the government's alleged failure to give them the benefits promised under the National Program for Unification and Development Council (NPUDC), he said.

Among these are resettlement programs, animal dispersal projects, and scholarship grants, said Sandag, former vice chair of the MNLF's political and military affairs group in Tawi-Tawi. The NPUDC is an interagency body chaired by Interior Secretary Rafael Alunan III.

"The last time I talked with (the rebels), they were complaining about the government's unfulfilled promises," Sandag said. "They were very much discouraged."

Among the benefits the rebels managed to receive is the money representing the government's payment for the firearms they turned in, he said.

The government pays rebels P18,000 [Philippine pesos] for each M-16, M-14, M-79, AK-47, or AK-57 automatic rifle turned in. Vintage rifles like Garands, carbines, and shotguns each fetch P12,000. A few returnees apparently received P15,000 in livelihood funds, but this was later reduced to P8,000. They would have received P20,000 each in resettlement funds, but even the nine former rebel commanders from Zamboanga City, Lanao, Basilan, and Sulu denied getting this amount.

Commander Camar Cabugatan, former head of the MNLF's National Security Command Urban Terrorist Force in Metro Manila, named some of those who returned to the hills as Commanders Brigs Cabugatan, Said Caya, and Peping Macalbe, all of Lanao del Sur. The three, he said, figured in the abduction of engineer Arceo Cruz in Lanao del Sur two months ago.

"I know they have petitioned (NPUDC Executive Director Alberto) Bernardo to grant them the promised benefits, but nothing came out of it," said Cabugatan, who now heads the Philippine Rebel Returnees Association.

Education Secretary Resigns; Replacement Set

BK0607050494 Quezon City Radio Filipinas in English 0230 GMT 6 Jul 94

[Text] President Ramos yesterday announced that Armand Fabella has resigned as education secretary. Fabella will be replaced by Science and Technology Secretary Ricardo Gloria in an acting capacity, the president said during his weekly cabinet meeting. Taking Gloria's place was Dr. William (Pederina), one of his undersecretaries. Talk of a major revamp circulated after the government committed miscues in handling the issue involving the East Timor Conference last month.

The 64-year old Fabella said he was quitting because he was getting (?old), it's about time I left. He said he submitted his resignation a couple of months ago. After a while, he felt that maybe somebody else can come in with newer and brighter ideas, Fabella said.

The president expressed deep appreciation of Fabella's leadership in the Education Department. Public service is in need in trying...but valuable experience, as he have been through that experience as in any [word indistinct] a loyal cabinet member makes it all the more worthwhile, he said. At the height of the clamor for a cabinet revamp in the wake of the East Timor affair, the president told newsmen that changes in the government was a continuing process. He hinted that some cabinet members will have to go, but stressed that with the result of an earlier agreement to serve him only for a short period of time. [sentence as heard] Mr. Ramos said some members of his cabinet were already overstaying because he have prevailed upon them to stay on.

Army's 35th Infantry Battalion Disbanded

BK0707083394 Manila MANILA STANDARD in English 2 Jul 94 p 4

[By Joe Macabalang]

[Text] Camp Gen. Siongco, Maguindanao—A battle-tested battalion of the 6th Infantry Division [ID] was disbanded Thursday, this year's first to be affected by the Army's nationwide reduction thrust. As the 35th Infantry Battalion [IB] was officially obliterated here Thursday, its servicemen and their dependents tearfully witnessed the "wrapping up" of its color to be stored by the 6th ID forever.

Brig. Gen. Renato Garcia, commander of the 6th Infantry Division based here, stressed that the 35th IB's abolition was parallel to the nationwide troop reduction program and would not necessarily affect peace and order in Central Mindanao. Garcia said 35th IB's combatants will be fused with other existing battalions of the 6th ID scattered in eight Mindanao provinces.

"This reduction program will not destabilize peace and order in our area of jurisdiction. This is aimed at improving the Army's ranks and upgrading its reaction capability," he said.

Earlier reports about the unit's obliteration, at a time when threats of terrorism by the dreaded Abu Sayyaf outside of Basilan and Sulu surfaced, has stirred speculations of "setbacks" in the Army's role in maintaining peace and order in the south.

"The 6th Division is always ready to quell any threats on security in its area. It can move its force from one place to the other if only to neutralize enemies," he said.

Sources from the Department of National Defense earlier revealed, the Philippine Army's eight divisions deployed in critical areas of Luzon, Visayas, and Mindanao, will be trimmed down to half of its size.

The 35th IB, shortly before its abolition, underwent a massive re-orientation on counterinsurgency as refresher program for its battle exhausted troops, who had figured in major encounters in Maguindanao during the peak of the secession movement.

At least four presidential citations have been earned by the unit for participating in past military operations in Central Mindanao.

Thailand

Further Developments Reported in Watthana Case

Opposition Urges Chuan To Act

BK0607050194 Bangkok THE NATION in English 6 Jul 94 p A4

[Text] The opposition yesterday urged Prime Minister Chuan Likphai to intervene on behalf of Chat Thai deputy leader Watthana Atsawahem, who it said was being "unfairly accused" of drug trafficking by United States authorities.

Meanwhile, the Chat Thai Party said it would investigate the accusations.

"The prime minister should try to mediate...between the parties involved—the U.S. Embassy and the Thai House of Representatives. This is not a personal matter anymore," said Chat Phatthana leader Chatchai Chunhawan.

Chatchai said the unsubstantiated accusation of involvement in drug trafficking levelled against Watthana and other opposition lawmakers by U.S. anti-drug officials could undermine the credibility of the Thai House of Representatives. He also expressed concern about relations between the U.S. and Thailand following what he described as unfair allegations against Watthana.

The Chat Phatthana leader spoke to reporters after a meeting at his home with senior opposition lawmakers including Watthana, Chat Thai leader Banhan Sinlapa-acha, Chat Thai president Praman Adireksan, Social Action chief Montri Phongphanit, Muanchon leader Chaloem Yubamrung and Prachakon Thai leader Samak Sunthorawet.

Watthana said he had been granted permission by House Speaker Marut Bunnak to address the House to defend himself against the "groundless" and "slandering" allegation.

"I will speak only the truth. I will refrain from attacking others. I want to clear my name and uphold the prestige of our House of Representatives."

Watthana denied he had prior knowledge that a hotel in Chiang Mai that he bought recently had belonged to a convicted drug trafficker. He said the hotel had been seized and put on sale after the original owner failed to repay a debt. He said he would today provide reporters with documentary evidence regarding the purchase of the hotel.

Samak said after the meeting of opposition leaders that he suspected there was a conspiracy behind the publicizing of the refusal of the U.S. to grant Watthana an entry visa.

Chat Thai leader Banhan Sinlapa-acha said in a statement yesterday the Chat Thai Party, to which Watthana belongs, was concerned about the harmful effect of the "unfair" accusation against the Chat Thai deputy leader. He said the publicity surrounding the refusal to grant a visa to Watthana was also damaging to the reputation of the House of Representatives. An investigation committee would be set up to look into the case.

"On each occasion that there has been news about an MP having his visa application rejected by U.S. authorities, the U.S. Information Service (USIS) would immediately confirm the report the next day," the Chat Thai leader said. "This leads me to believe that there might be a link between newsmongers and their sources at USIS or the U.S. Embassy."

Banhan said drug trafficking was universally accepted as one of the most heinous crimes and that even an unsubstantiated drug charge would stigmatize the individual concerned.

Chuan Criticizes U.S. Embassy

BK0607061294 Bangkok THE NATION in English 6 Jul 94 p A1

[Text] The Thai Government has asked the U.S. Embassy to take steps to ensure the right to privacy of Thai citizens whose visa applications are rejected on grounds of suspected involvement in drug trafficking, according to Prime Minister Chuan Likphai. Chuan said yesterday publicizing the results of the U.S. authorities' visa screening could hurt Thai citizens whose applications were rejected. Even if suspicions against them were subsequently established as being unfounded, their reputation would have been permanently damaged, Chuan said.

"Rejection of visa applications should be personally conveyed to the applicants and the Thai Foreign Ministry. And that should be carried out confidentially," the Prime Minister said.

Chuan said the House of Representatives may consider discussing the case of Chat Thai deputy party leader Watthana Atsawahem in a closed session to prevent it from damaging Thai-U.S. relations.

"Relations between Thailand and the United States are not at stake. The U.S. is Thailand's single biggest trading partner with whom we have a huge trade surplus," the Prime Minister said. "That's why we should try to prevent personal affairs from affecting bilateral relations."

Watthana, backed by his opposition colleagues, is scheduled to defend himself against the U.S. charges in Parliament today.

Meanwhile, Pol Gen Chawalit Yotmani, chief of the Office of the Narcotics Control Board, said yesterday he believed the U.S. authorities had evidence to substantiate the charge against Watthana although they had not revealed it.

Chat Thai leader Banhan Sinlapa-acha was yesterday quoted by party members as advising Chat Thai MPs to refrain from applying for entry visas to the U.S. for the time being as a precaution against another possible "smear campaign".

Chuan, reacting to the theory that his government was behind the conspiracy to smear the name of the opposition, insisted that no member of any government party had been involved in leaking the news about the rejection of Watthana's visa application.

Asked whether he believed Watthana was innocent, the prime minister said: "It wouldn't be fair to anybody for me to answer that kind of question."

Foreign Minister Prasong Sunsiri yesterday said he had taken it upon himself to "defend" Watthana whom he described as a "Thai citizen who was accused in too few words".

Watthana said in a statement yesterday he was not taking it personally in reacting strongly against the U.S. government's action against him. The Chat Thai deputy leader said he would address the House today.

Leaders Comment on Watthana Issue

BK0607145694 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 6 Jul 94

[Text] In the wake of an appeal by Watthana Atsawahem and the Chat Thai Party to provide evidence of the charge made against him, the chairman of the House Committee on Parliamentary Affairs, Charoen Khanthawong, disclosed that he had received an informal U.S. confirmation, but he would rather leave it with the Foreign Ministry to follow up on the matter.

[Begin Charoen recording] I asked them to pass the information to the Foreign Ministry through proper diplomatic channels, and they were happy to do that. Anyway, according to an informal explanation, the embassy told us that they had evidence supporting their reason for rejecting the visa application. It was a short explanation. And that's all. Well, now according to what I have heard from the news I follow, I learned that Watthana has sent a letter to the House Committee on Foreign Affairs, with Dr. Krasae Chanawong as chairman. In this connection, I would like to suspend my duty for a while and let the House Committee on Foreign Affairs follow up. [end recording]

Commenting on the same issue, Deputy Prime Minister Suphachai Phanitchaphak said he believed what happened might reflect the intention of the United States to have Thailand take measures in order to improve certain things. However, he said the issue had nothing to do with trade negotiations between Thailand and the United States.

Commerce Minister Uthai Phimchaichon also said he would try not to allow political or personal matters to interfere with Thailand's trade situation.

Watthana Criticizes U.S. Embassy

BK0707033594 Bangkok THE NATION in English 7 Jul 94 pp A1, A4

[Text] Chat Thai Party deputy leader Watthana Atsawahem criticized the U.S. Embassy in Parliament yesterday saying the embassy violated diplomatic protocol by accusing him publicly of involvement in drug trafficking. Watthana, reading from a statement said the U.S. Embassy should have invited him to explain or should offer proof if he was really involved in the illegal drug trade.

"If the U.S. embassy was dissatisfied with my explanation and, therefore, refused to issue me a visa, that would be fine," Watthana said. However, he said, the U.S. Embassy, instead of observing diplomatic protocol, publicized that he was refused a visa because he was suspected of involvement in drug trafficking.

"This has damaged my reputation, made me the subject of insult and hatred among the public," he said.

As a comparison, Watthana said if an American citizen suspected of being infected with HIV applied for an entry visa at the Thai Embassy in the United States, the embassy would likely inform him personally that it could not issue him a visa on suspicion that he had Aids.

Watthana said if the Thai Embassy made public the fact that it had denied the applicant a visa because he had Aids, the embassy would likely face a defamation lawsuit and the application whose reputation was tarnished might demand hundreds of millions of baht in compensation. Thailand, however, does not discriminate against Aids victims applying for visas.

He told Parliament that he had to retaliate by condemning the U.S. authorities' action. This was to "teach" the United States that it cannot accuse anyone without substantial evidence, he said.

Watthana challenged the U.S. Embassy to produce its evidence against him before the House committee on foreign affairs on Friday. He said he had to stand up to fight against the U.S. allegation to protect Thailand's dignity.

"I am acting so that Thais and people all over the world will know that the United States is by no means better than any other country. The United States does not comply with accepted judicial process in laying accusations against people although it often preaches about human rights like a saint," he said.

Watthana vowed to bring his case to a U.S. court to demand compensation.

"Then we will know who is behind this devilish ploy to destroy me and my Chat Thai Party," he said.

The Samut Prakan MP then appealed for sympathy from his constituents, saying he had never done such a wicked thing as trading in illicit drugs.

If that was the case, he said, he would have been nailed by the NPKC [National Peacekeeping Council] when its anti-graft committee investigated him after the Feb 23, 1991, coup.

Banhan Seeks Proof To Back Drug Charge

BK0707033894 Bangkok THE NATION in English 7 Jul 94 p A4

[Text] Chat Thai Party leader Banhan Sinlapa-acha yesterday sent the U.S. President Bill Clinton a letter asking the U.S. government to supply evidence to support its accusation that Watthana Atsawahem, deputy Chat Thai leader, is a drug trafficker.

In the letter, opposition leader Banhan asked the U.S. government to hand over evidence to prove the allegation made by the United States Information Service so that "due process of law is respected...and impairment of Watthana's basic human rights will be remedied."

He said that as a former Cabinet member and public figure, Watthana's reputation had been irreparably damaged and the accusation was made without any supporting proof or evidence.

"Thus, an allegation against Mr Atsawahem without substantiated evidence, is unduly damaging to his reputation, is impairing his rights to be presumed innocent unless proved guilty, is therefore, unfair and is contrary to the respected principle of the due process of law," he said. He also said the accusation is not acceptable to "the civilized community of nations."

Banhan said Watthana had received a letter from the United States Information Service (Usis), rejecting Watthana an entry visa to the U.S. However, before Watthana had a chance to discuss the issue with the authorities concerned, the Usis issued the news release damaging his reputation. He said he hoped the two countries will be able to find ways to settle the issue.

Meanwhile, the House committee on foreign affairs announced its decision to cancel a plan to summon the U.S. ambassador to a hearing over drug allegations against Watthana.

Krasae Chanawong, chair of the House panel, said the committee initially planned to ask the ambassador to attend a hearing on Friday.

"We decided to cancel the plan because it has never happened that an ambassador would testify to any House committee," Krasae said.

Banhan Dubs Visa Refusal 'Political Game'

BK0707065594 Bangkok THE NATION in English 7 Jul 94 p A4

[Text] The refusal to issue Chat Thai deputy leader Watthana Atsawahem a visa by the U.S. authorities is definitely a "political game," Chat Thai leader Banhan Sinlapa-acha told the House yesterday.

"We politicians, looking at each other's eyes, know how the affair happened. I'd like to say it is definitely a political issue. The people who can do this must have information and links," Banhan said, during a House debate on the budget bill.

Taking the floor to debate the Foreign Ministry's budget, Banhan said U.S. authorities should provide substantive evidence in accusing Watthana, former Chat Thai MP Thanong Siriprichaphong and Chat Phatthana MP Mongkhon Chongsuthanamani, of being involved in drug trafficking.

Banhan said it was surprising that the U.S. Information Service (Usis) had moved so quickly in confirming that Watthana had been denied a visa. Allegations against Watthana were sent to the press on June 30, and Usis confirmed it the following day, he said.

Banhan had sent a letter to U.S. President Bill Clinton asking for information on the affair. He had also asked the government and the Foreign Ministry to reveal the names of other drug suspects.

"I want to know which agency is behind this. You can destroy certain people by using personal matters. But you should not hurt Parliament," Banhan said. "I have been in politics for quite a long time. I know what game this is."

He called for Prime Minister Chuan Likphai and Foreign Minister Prasong Sunsiri to use the Bt80 million budget allocated to the ministry to clear up the issue. The money was allocated for expenses on protocol, business dealings and international conferences.

"You cannot say this is a personal matter," he said. "I trust and have confidence in the government, particularly the prime minister. But I am not so sure of other people."

Prasong was not present at the debate.

Banhan told reporters he could not verify opposition accusations that certain Democrat ministers had also been denied a U.S. visa.

He said it was appropriate for him to counter U.S. authorities because Thai people are not under the U.S. He was not worried about drug allegations made against Chat Thai members.

"Thais are independent. This is a riddle and we have to solve the riddle. Time will tell. When the opposition becomes the government we will know the information," he said.

Deputy Foreign Minister Surin Phitsuwan said Foreign Minister Prasong had formally asked the U.S. Embassy for more information. But it would take time because the embassy had to ask for information from Washington, he said.

Surin said he on Tuesday night he met the assistant secretary of state for Asia-Pacific affairs, Winston Lord who said he would try to prevent such an incident from recurring.

Surin said he did not know which Democrat Cabinet members had been denied a U.S. visa. Opposition members should provide substantive evidence before making such allegations, he said.

He said the accusations against Democrat members were ridiculous, and that all Cabinet members would have no problem proving it.

Deputy Prime Minister Suphachai Phanitchapak warned Watthana that his House debate on the affair may affect Thai-U.S. relations. But Commerce Minister Uthai Phimchaichon said the debate would not hurt bilateral trade.

Chat Phatthana leader Chatchai Chunhawan said the U.S. must clearly clarify the issue because it affected Parliament. He said the affair may have something to do with politics.

Watthana said he was surprised that the Foreign Ministry had not yet obtained information from the U.S. Embassy. He sarcastically said the information may be on its way from the U.S. to Thailand by surface mail.

Editorial Urges Action on Watthana Case

BK0607062094 Bangkok THE NATION in English 6 Jul 94 p A6

[Editorial: "Why Scream When the U.S. Bars Entry to a Thai MP?"]

[Text] The House committee on foreign affairs on Monday decided to launch an investigation into U.S. allegations that Chat Thai deputy leader Watthana Atsawahem was denied a visa to enter the United States because of suspected drug trafficking.

The committee, it seems, will ask senior Thai and U.S. officials to submit more information at its meeting on Friday. The House committee also resolved to invite Foreign Minister Prasong Sunsiri, Secretary General of the Office of Narcotics Control Board Chawalit Yotmani and U.S. Ambassador David Lambertson to provide the committee with more details about the allegations.

The resolution came after Watthana formally asked the House committee to investigate the incident to "protect the honour of Parliament". In a letter to Prime Minister Chuan Likphai, Watthana said his reputation had been damaged by the "evil practices" of U.S. authorities who had "dirty plans" to destroy Thai MPs.

Watthana is the second opposition MP to be barred from entering the United States on drug suspicions. In May, Chat Phatthana MP Mongkhon Chongsuthamani was denied entry. Also early in that month, a California court disclosed a November 1991 indictment against Chat Thai MP Thanong Siriprichaphong on charges of trafficking in more than 45 tonnes of marijuana over a 14-year period from 1973.

Watthana's exposure, sent by fax to newspaper offices throughout the city, two days before the United States Information Service (USIS) issued an official statement, may have been a well calculated move to thwart any possible attempt by Chat Thai to hop on the Chuan bandwagon.

If this is the case, it is likely that someone is trying to send a message to Premier Chuan that he should bear with his present coalition partners come what may until his term is up. This, in fact, would be a blessing in disguise for the prime minister who is under considerable pressure to reshuffle the Cabinet amidst indications that the faction ridden Phalang Tham could cause serious problems for the coalition.

New Chat Thai leader Banhan Sinlapa-acha seems to be in a quandary after taking over the helm of the party three months ago. Who knows how many other MPs from his party could suffer the same fate as Watthana?

It is indeed preposterous to suggest that the United States is involved in some "evil plot" to destroy Thai MPs—especially from the opposition.

What has Washington got to gain from this, and is the Chuan coalition really that important for the protection of U.S. strategic interests in the country? The answers to both questions are obviously in the negative.

The USIS statement made it very clear: "the United States has no interest whatsoever in becoming involved in Thai internal affairs."

The fact of the matter is that many Thai MPs are no angels themselves and it is public knowledge that many old-styled politicians and their proteges have their hands in dubious activities ranging from organized crime to dealing in contraband.

Their ill-gotten wealth makes it possible for them to buy their way into Parliament, thus institutionalizing the connections between MPs and the mafia godfathers.

The sad thing is that our society condones such people. Certain MPs who have faced allegations of this nature in the past still seem to be enjoying their privileged status in society. Given the Thai public's attention span, the allegations against them will be forgotten soon.

When Uncle Sam decides to bar entry to one of these so-called "honourable" members of the House, certain sectors of Thai society tend to get ultra-nationalistic without really asking why.

It is high time that party leaders really screen the backgrounds of their members to avoid further embarrassment to our parliamentary system. Parliament itself should act, and to this extent House Speaker Marut Bunnak should get all the leaders of the political parties together and seriously seek a consensus on what to do.

Editorials View U.S. Visa Denial for Watthana

BK0707100994

[Editorial Report] Two Bangkok dailies, THAI RAT and SIAM RAT in Thai, on 7 July carry editorials concerning the United States Information Service, USIS, disclosure that a background in drugs was the reason for the denial of a visa for Watthana Atsawahem, the deputy leader of Chat Thai Party and an MP from Bangkok.

Bangkok THAI RAT in Thai on 7 July carries a 500-word editorial on page 3, entitled: "Thai Officials Have No Information?" The editorial says, "The issue which puzzles many people is the USIS statement which says briefly that the reason for the visa denial was 'there were reasons to believe' that Watthana was involved in trafficking of controlled substances or drug. The statement, however, did not supply any supporting evidence."

The editorial points out that previous USIS news releases also implicated other MP's, all from the opposition bloc. It concludes: "The issue is not whether the U.S. Government allegation is true. The issue that the Thai people want to know is why Thai antinarcotics agencies knew nothing about the activities of the MP's being charged by U.S. Government agencies. In some cases, the indictment against the Thai offenders detailed their activities dating back more than 10 years. Does this not indicate the inefficiency of Thai antinarcotics units?"

Bangkok SIAM RAT in Thai on 7 July carries a 450-word editorial on page 5, entitled: "Watthana's Words and U.S. Credibility." It says an issue being discussed concerning the controversy over the Watthana case is whether it is appropriate to make public private information. "The argument is private information, except if it concerns the public, should not be disclosed to the public. This is the principle, which is generally respected, that guides what information should be disseminated."

The editorial concludes: "We feel that if the U.S. Government could not credibly substantiate its allegations against Watthana and others, such as Narong Wongwan, we ought to re-evaluate whether we should give such allegations any credibility. This applies particularly to legislators so they will not be so tormented by the accusations."

Dailies on U.S. Visa Denials for Drug Charges

BK0607125494

[Editorial Report] Four Thai-language dailies, THAI RAT, SIAM RAT, KRUNGTHEP THURAKIT, and MATICHON comment on the U.S. denial of visas to Thai politicians suspected of involvement in narcotics dealing.

THAI RAT's 5 July 600-word column by Chalam Khieu on page 3, entitled "Thailand and Narcotics" says: "It is frightening to hear that one Thai politician after another has been denied a visa by the United States because they are suspected of involvement in drug dealing. It started with Narong Wongwan, followed by Thanong Siriprichaphong, Mongkhon Chongsuthamani, and finally Watthana Atsawahem, deputy leader of the Chat Thai Party."

The U.S. action has caused a certain amount of confusion in Thai politics and Prime Minister Chuan Likphai said the United States, by so doing, has created suspicion among Thais. "The prime minister said it is not right to make accusations against one Thai after another without substantiated evidence, and said that it is not good for international relations. He said it is the government's duty to protect the rights of every Thai person," but that "the government must not forget that Thailand is a major narcotics center for trafficking worldwide. Narcotics from the Golden Triangle are shipped to Europe and the United States through Thailand. This would be difficult if narcotics businesses were not protected by power and influence, both from politicians and government officials."

The columnist admits that the four Thai politicians are presumed innocent unless proven guilty by evidence. Yet, there is no point in the government trying to protect them. He stresses that a priority task for the Chuan government is to suppress narcotics trafficking by weakening illicit drug rings.

SIAM RAT on 5 July in a 600-word editorial on page 5, entitled "The U.S. Role Concerning Watthana Atsawahem" also reviews local reaction to the U.S. rejection of a visa for Watthana Atsawahem, and notes that most government leaders consider it a personal problem and do not want it to affect international relations. The paper says "We fully agree that the matter should be treated as a personal problem and should not be allowed to have a bearing on international relations. Both Thailand and the United States should reciprocate with mutual respect.

"However, the matter will affect Watthana Atsawahem as an individual as well as a public figure because he is a member of parliament. The charge that he was involved in narcotics trading is serious because drug addiction is an international problem. In this connection, the accuser should provide evidence, if any exists, to back the allegations against him. It is not fair just to voice suspicion without substantiation," the editorial says. In conclusion, it urges parliament, the government, and the U.S. Embassy to work together in order to make the situation clear for the people.

KRUNGTHEP THURAKIT on 5 July in a 600-word editorial on page 2, entitled "Do Not Use Parliament as a Forum to Defend Oneself" agrees with the call by parliament President Marut Bunnak that the government should do something to protect the honor and reputation of the Thai parliament which is again and again tarnished by U.S. drug allegations and visa denials of parliament members. But it cautions that the government must not try to protect them just because they are MP's. The United States is entitled to bar anyone from entering that country who is suspected of drug trafficking because the United States is committed to a huge drug suppression budget.

The editorial disagrees with the decision by the parliament president to allow Watthana Atsawahem to defend himself during the house session. "Although Watthana is entitled to clarify himself before the public because the charge made against him lacks evidence, the hearing should not take place during a parliamentary session," the editorial says. Urging the parliament president and the prime minister to set up a committee to investigate all charges against the "honorable members of parliament" so that the people who voted for them can be informed of the truth, the editorial concludes: "There is no point allowing them to make use of the house forum to shed crocodile tears to defend themselves against the charges. They would go wild attacking the accuser in an irresponsible manner without heeding that this might affect relations."

MATICHON on 6 July in an 800-word editorial on page 2, entitled "The United States and Watthana" notes that, of all the charges, only in the case of Thanong Siriprichaphong has the United States provided a full record of evidence to prove its accusation. Meanwhile, there has been no substantiation in the cases of Mongkhon Chongsuthamani and Watthana Atsawahem. The editorial therefore supports Watthana's claim that the United States should back the accusation against him with evidence.

"At this stage, there is only one choice for the United States—it must produce proof to substantiate the charge against Watthana. Otherwise, this amounts to another groundless accusation which unfairly damages Thai parliamentarians. Thailand is not a Panama or Latin America where the United States can impose its will and do whatever it wishes. Once an accusation is made, the United States must be able to produce evidence to back it. It is unfair to Thai politicians to make unsubstantiated accusations against them." In conclusion, the editorial says Thai politicians, if they are sure of their innocence, have a full right to seek legal action against the U.S. Government in order to restore their honor.

Army Chief Calls Former U.S. Envoy 'Devil'

BK0707030694 Bangkok BANGKOK POST in English 7 Jul 94 p 1

[Text] Army Commander Wimon Wongwanit yesterday condemned former US ambassador to Thailand Morton Abramowitz as a "devil" and peddler in old news in his allegation in the WASHINGTON POST in May that the Thai military was still giving assistance to the Khmer Rouge.

"He is not an ambassador but a devil," said Gen Wimon claiming the allegation had greatly damaged Thailand's international reputation.

The army commander, speaking on his return from a two-week visit to Romania, Austria and Pakistan, said he did not consider Mr Abramowitz an ambassador but "an enemy of the Thai people and the Thai army". He distanced Mr Abramowitz from the American people saying the allegation "was the act of an American, not the whole nation".

"His article was based on old information and had not been polished. It is fake," he said.

Gen Wimon said the former ambassador served in Thailand at a time when Vietnam invaded Cambodia and the situation was very different from the present. He said Mr Abramowitz might still feel disgruntled with the Khmer Rouge for its role in overthrowing the Phnom Penh government in 1975 despite the support of the U.S. government.

Gen Wimon said he doubted whether any of the 14 Thais being held in Phnom Penh in connection with the coup attempt last Saturday were involved. He said he did not know who the Thai businessmen had contacted in Phnom Penh as they had nothing to do with the Thai army.

"The coup in Cambodia, if carefully probed and more details are available, might turn out to be a joke," he said without elaborating.

Gen Wimon said he would not delay taking decisive action against any of the 14 if it is proved they are Thai soldiers.

Iranian Envoy: Three Bombing Suspects 'Innocent'

BK0707030994 Bangkok BANGKOK POST in English 7 Jul 94 pp 1, 3

[Excerpts] Three Iranian men arrested by Thai police for alleged involvement in the failed bomb plot against the Israeli Embassy in March are innocent and should be released if there is no obvious evidence to support the charges, Iranian Ambassador Gholam Reza Yusefi said yesterday.

At a press conference Mr Yusefi urged the Thai authorities to provide factual evidence to support the charges filed against the three suspects. If there is no evidence the three men should be released, he said.

"My recommendation for the Thai authorities is...to be more vigilant, more sensitive and to deal with this problem with more responsibility and to prevent these innocent people from being used as scapegoats," he said. If the police cannot come up with more obvious documents to show that the three men are guilty, they should be freed, said Mr Yusefi. [passage omitted describing attempted bombing]

"There are many questions that nobody has answered. If these three people had been involved, and had planted the bomb, why have they again come back to Thailand?" the ambassador asked.

He said Hoseyn Shahriarifar was in fact called Hoseyn Dasgiri. He said the real Hoseyn Shahriarifar, who was running an import-export business in Southeast Asia, entered Thailand on June 5, two days after the trio were arrested and detained by Thai authorities until June 9 when he was deported. The ambassador also showed copies of a passport bearing Thai immigration stamps.

"These are the ambiguities that I share with you, these are the questions surrounding the whole scenario," he said.

Mr Yusefi suggested the arrest of the three suspects was either a Zionist conspiracy aimed at damaging relations between Iran and the Kingdom of Thailand or certain consequences of Thai internal politics.

"I hope the Thai authorities will do their best to solve this problem with justice and responsibility soon," he said.

Meanwhile, Metropolitan Police deputy commissioner Pol Maj-Gen Sophon Warachanon denied police had failed to come up with more evidence against the suspects, saying more evidence was still being examined. He said the plea made by the embassy was just in defence of the suspects and the document quoted by the embassy would not be used in the probe.

The three suspects would be sent to court as soon as more evidence was made available, he added.

Police Chief Pol Gen Pratin Santipraphop, meanwhile, said it was the right of the Iranian Embassy to defend the three Iranians.

14 Thais Held in Cambodia 'Unarmed Civilians'

BK0707031594 Bangkok BANGKOK POST in English 7 Jul 94 pp 1, 3

[Text] The 14 Thais being held in Phnom Penh following this week's failed coup attempt in Cambodia were all unarmed civilians who said they were not trained in war weapons, the Foreign Ministry said in a statement yesterday. They include electricians, drivers of three-wheel trucks, hired motorcyclists and a man missing an arm, according to the ministry.

"Almost all this group went to Cambodia for tourism and employment," the statement said. Those who went for employment had been encouraged by others.

They were led to understand that they could find better-paying jobs in Cambodia, the ministry said.

Thai authorities are trying to find the people who encouraged the group to enter Cambodia.

The Foreign Ministry categorically denied a report published in the Japanese daily ASAHI SHIMBUN July 5.

The newspaper quoted Cambodian national assemblymen who said the 14 were attached to a Thai special force who were preparing to lead 200-300 soldiers from the eastern Cambodian province of Prey Veng to assassinate the country's two prime ministers.

The report was published without verification of the facts, the ministry statement said.

ASAHI reporters quoted Cambodians which the ministry said "have always held strong prejudices against Thailand by fabricating reports that Thailand supports the Khmer Rouge and interferes in the internal affairs of neighbouring countries."

The publication of such a report created extreme damage to Thailand, the ministry said.

"The Foreign Ministry condemns such an act and will protest against the newspaper in due course."

The statement was released after Thai Ambassador to Phnom Penh Sakthip Krairoek reported to a special meeting at the Foreign Ministry yesterday.

The envoy flew into Bangkok after visiting the 14 captured Thais in Phnom Penh for about an hour last night.

They met separately with Foreign Minister Prasong Sunsiri, who was at Parliament House for the budget debate.

According to Squadron Leader [Sqn Ldr] Prasong, the Thais being held in Phnom Penh told the envoy that they had been encouraged by businessmen, including timber merchants, to go and seek jobs in Cambodia.

The 14 are safe. Eight were under investigation and the envoy has requested that Cambodian authorities speed up proceedings. An outcome would be finalised after all 14 were questioned.

In Phnom Penh, Cambodian Foreign Minister Prince Norodom Sirivut confirmed that no formal charges had been placed against any of the Thais. He also confirmed that Cambodian authorities were still looking for a missing 15th person.

Foreign Minister Prasong said Cambodian authorities had not requested any help in the case of Pol Lt-Col [Police Lieutenant Colonel] Adun Bunset, a former MP for Phichit Province of the New Aspiration Party [NAP]. The whereabouts of Lt-Col Adun remained unknown and only his passport had been found, Sqn Ldr Prasong said.

Pol Lt-Col Adun, who reportedly was suspected by Cambodian authorities to be linked to the failed coup attempt was once adviser to NAP leader and Interior Minister Chawalit Yongchaiyut.

Interior Ministry secretary Thawatwong Na Chiang Mai (NAP Chiang Mai) said Gen Chawalit was very concerned and enquiries had been Made with Gen Chawalit's military and business friends in Cambodia.

Mr Thawatwong said no one knew whether Lt-Col Adun played a part in the failed coup.

According to Mr Thawatwong, Pol Lt-Col Adun came to see him at the Interior Ministry on July 1 and spoke of plans to go to Cambodia to join with an Australian company to engage in a rock-blasting venture in Cambodia.

Mr Thawatwong said he had checked with Cambodia International Airline and found that Pol Lt-Col Adun had travelled to Cambodia. He said he believed that Pol Lt-Col Adun was not in Bangkok. Otherwise, he would have made contact.

Ministry Rejects Report of Coup Involvement

BK0707123894 Bangkok Voice of Free Asia in Thai 1030 GMT 7 Jul 94

[Text] The 5 July issue of ASAHI SHIMBUN and several Chinese language papers reported that 14 Thais were being detained in Phnom Penh after an aborted coup. The report claims that Cambodian MP's attending the parliament in Phnom Penh informed journalists that Prince Chakkrapong, Sin Song, and 14 Thai soldiers who belonged to the Thai 7th military unit were preparing to lead about 200 to 300 cavalrymen to Prey Veng Province east of Phnom Penh to assassinate Cambodian Co-Premiers Prince Norodom Ranariddh and Hun Sen. The Foreign Ministry categorically rejects this report and wishes to give the following facts:

Thai ambassador to Phnom Penh Sakthip Krairoek, who visited the 14 Thais, reported that all were civilians whose occupations included electricians, pedicab drivers, and motorcycle taxi drivers. One of them had only one arm. They had no weapons and claimed that they never received weapons training. Most went to Cambodia for sightseeing and to look for jobs. They were persuaded by people, whom Thai officials concerned are trying to identify, who told them that they could find better-paying jobs than in Thailand.

The Foreign Ministry has instructed the embassy in Phnom Penh to ask the Cambodian administration to promptly interrogate the 14 Thais and to release them if they were not involved in the coup attempt.

ASAHI SHIMBUN published its report without verification. It cited comments by certain Cambodian sources who have always been strongly biased against Thailand by fabricating reports about Thai support for the Khmer Rouge and interference in the internal affairs of neighboring countries. This is unacceptable and causes great damage to Thailand. The Foreign Ministry, therefore, condemns the newspaper's action and will lodge a protest with it.

[Dated] The Foreign Ministry, 7 July 1994

Japanese Reporter Summoned

BK0707135794 Bangkok Radio Thailand Network in Thai 1200 GMT 7 Jul 94

[Text] According to Army Secretary Major General Chaturit Phromsakha na Sakhon Nakhon, the ASAHI SHIMBUN report which cites an interview given by a Cambodian MP who alleges that the Thais arrested on charges of a coup attempt were in fact sent by the Thai Armed Forces to assassinate the Cambodian prime ministers damages the reputation of the Armed Forces and the country. For this reason, he summoned (Osamu Owa), the ASAHI SHIMBUN Asia news chief in Thailand, to explain that Thailand has always assisted and supported national development in Cambodia, including dispatching Thai Army engineers to help repair and build highways and infrastructure and defuse landmines. Therefore, there is no reason for the Thai Armed Forces to send men to carry out terrorist activities in Cambodia.

(Osamu Owa) acknowledged the aforementioned facts and explained that ASAHI SHIMBUN has no prejudice against nor seeks to defame the Thai Armed Forces.

Meanwhile, (Osamu Owa) also today called on Suwit Simasakun, director general of the Foreign Ministry's Information Department, to acknowledge the Foreign Ministry statement rejecting the ASAHI SHIMBUN report. (Osamu) gave assurances that future reports concerning Thailand and the Thai Armed Forces will be checked more closely. He, however, refused to correct the report in question, claiming that it was substantiated by reliable sources.

* Commerce Minister on Iran, Russia, Japan Trade

94SE0124A Bangkok MATICHON SUT SAPDA in Thai 13 May 94 pp 25, 26

[Interview with Commerce Minister Uthai Phimchaichon by Benchaphon Phongphamon, date and place not given]

[Excerpts] [Passage omitted] [Benchaphon] You traveled to Iran recently. I know that you met with their officials and held talks about buying oil. Tell us the details.

[Uthai] I attended the Thai-Iranian meeting as an economic member. It was the third meeting. This was actually being handled by the Foreign Ministry, but the Foreign Ministry felt that it was a trade matter and so had the Commerce Ministry meet instead. The purpose of the meetings was to increase the value of the exports of both countries and to adjust trade where there were advantages and disadvantages so that it was more balanced. In addition the talks covered the importation of Iranian crude oil to be refined in Thailand.

I recommended that the government compensate the refineries because the Iranian oil was different than the oil from other sources—it had a great deal of impurity.

This made the refining difficult and caused production to be less than 100 percent when compared with production using oil from other sources. The importation of Iranian crude oil was done according to a treaty with Iran under which Iran would import Thai rice. In addition I recommended that Iran hold a trade fair in Thailand so that Thai businessmen would have the opportunity to see more Iranian goods, which could result in talks over the importation of such goods. They expressed an interest and will come.

There was another matter. During the talks I brought up the matter of their debt for the rice they bought from the private sector here. Their officials agreed to take care of it. On this visit to Iran I was very impressed, and the talks went well. In particular my group was honored by being invited to meet with the President of Iran.

[Benchaphon] How is the debt from the purchase of Thai rice by Russia now being handled?

[Uthai] This matter began when Mr. Amaret Sila-on was commerce minister. At that time there was a problem with rice. The government purchased more than 200,000 tons of husked rice and paid rice mills 150 baht per ton to store it. At the same time Vietnam began to compete with us in exporting rice. Thailand did not know what to do and so decided to sell rice to Russia. Russia did not have any money, but this sale improved the domestic price of rice. It was a sort of psychological reaction. In any case when I became minister, Russia announced that it wanted rice from Thailand. But the government would not agree to it, and rice became a problem. I had to make the best of a bad situation. I had to go out and sell rice myself. In the end we managed to get rid of the rice. I came to work at the Commerce Ministry at a time when we were able to sell the most rice. As for the Russian debt, the Russian position now is that they will pay that portion of the debt which it incurred after the country was divided. As for the debt which was incurred while it was still the Soviet Union, they asked that it be in arrears. I do not think it is a problem. If they clear things up domestically sometime, they will probably pay the debt. In any case I feel it was responsible of them to indicate that they would pay the debt.

[Benchaphon] How is the market for rice in Japan?

[Uthai] I do not want to place a great deal of hope in the Japanese rice market. From my position as commerce minister I would say that we should not place much hope here because Japan's importation of rice from Thailand does not mean that it is buying rice on the international or world market. They are buying rice because they had a production shortfall as a result of natural disasters. In addition the Japanese prefer the "Japonica" strain of rice which the United States, Australia, and Taiwan can produce. I do not agree with planting "Japonica" rice here. In their rice imports in the past the Japanese have imported rice from us to make flour but not to eat. In any case the Commerce Ministry is now promoting Thai rice among Japanese farmers to show that it is as good to eat as Japanese rice. Next year the GATT agreement will take effect, and Japan will open its rice market. It is estimated that Japan will import about 400,000 tons. I do not know to what extent Thai rice will penetrate this market, but I believe that Japan will buy Thai rice to make flour, sake, and prepared foods. That is what I hope. [passage omitted]

[Benchaphon] Could you talk about the matter of the insurance industry?

[Uthai] Under the GATT agreement the goods and services section is to be opened up. I fear that if foreign businesses come here to do business, they will have an advantage over us with regard to trust. Therefore I will have our insurance companies operate as if in a free market for their customers before the foreign companies come here. When there is competition, those companies which do well will survive, and those companies which cannot compete will drop out. I am looking for a way for more Thai people to get insurance from Thai companies. [passage omitted]

* Bankers View Opportunities in Vietnam

94SE0130A Bangkok THAN SETTHAKIT in Thai 12-14 May 94 p 5

[Excerpts] Today, Vietnam has becoming a gathering place for foreign businessmen who want to do business or invest there in an attempt to make a profit. They think that the prospects look bright for this socialist country on the Indochina peninsula. In particular, since the United States lifted the trade embargo on 4 February 1994, foreign investment in Vietnam has increased greatly. Foreign banks are moving in to support the investment activities of businessmen, and they hope to create a new market in Vietnam. In particular, the large American banks of industry and the World Bank are preparing to leap into the market. Thus, Thai commercial banks will undoubtedly face "stiff competition." [passage omitted]

Thai commercial banks, which have relied on regional relationships to expand their activities ahead of other banks, are facing increased competition. This is something worth watching, because today, the situation facing Thai banks in Vietnam is anything but comfortable. Banks from neighboring countries such as Taiwan and Singapore that started operations there first have a greater market share than Thai banks when considered from the standpoint of the amount invested by other countries as compared with Thailand. [passage omitted]

Several Thai bankers admit that Thai banks will definitely be affected by the lifting of the trade embargo on Vietnam. Dr. Wirachai Techawichit, the deputy general manager of the Si Nakhon Bank Ltd., told THAN SETTHAKIT that commercial banking activities will probably be affected a little, but not too much. Some customers will be able to make contact directly from the United States and so they won't have to conduct business through a Thai commercial bank. Also, Thai commercial banks are already at a disadvantage as compared with Singaporean banks. This is because most investors who have invested in Vietnam are from Singapore and Taiwan rather than from Thailand. Thai investors began carrying on activities there only recently. Thus, the government should implement policies that will encourage Thai investors to engage in joint ventures with Vietnam and also stand security for the risks involved in investing there.

At present, banks are now asking the Bank of Thailand for permission to engage in joint ventures with the Government Housing Bank, with their percentage being 40 percent. The headquarters will be located in Hanoi. This is because the banks do not have sufficient experience in marketing. They must first build a customer base. The reason why the banks haven't considered opening branches or bank representative offices is that they still consider Vietnam to be very risky.

Mr. Suthai Unnanon, the assistant general manager of the Thai Military Bank Ltd., who is responsible for foreign banking activities, said that "Thai banks will focus mainly on fighting to keep their old customers. Now that the trade embargo has been lifted, it is expected that some commercial banking activities will cease. The revenues earned by the banks from providing services will decline approximately 10 percent. The banks will have to try and find local customers to replace the revenues that are lost." The views of these bankers confirm that on the business field in Vietnam, competition is just as fierce as it is in small capitalist countries such as Thailand.

Plan for Economic Bloc With South Asia Viewed

BK0407073994 Bangkok THE NATION in English 4 Jul 94 pp B1, B2

[Text] Deputy Prime Minister Suphachai Phanitchaphak has envisioned linking the economy of Thailand with three South Asian countries and Burma in a move that will usher in a new era of development in the Pacific and Indian oceans.

Under the Subcontinental Economic Cooperation Plan, emerging economies of India, Sri Lanka, Bangladesh and Burma will be linked with that of Thailand. Planners believe that the subcontinent has the potential to be the next high economic growth area. Tirana Phongmakhaphat, leader of the Suphachai advisory team, said the plan will further increase Thailand's strength in terms of economic development and role in the region.

Since the late twentieth century, the economies of East Asia have grown rapidly and are expected to progress steadily into the next century. The industrial countries in Europe and America have a stagnant economy and their trade deficits and high unemployment have forced them to erect trade barriers and increase trade and investment among neighbouring countries. The regional grouping, such as the European Union and North America Free Trade Areas (Nafta) are the example of protectionism of the member states.

In East Asia, most export countries are affected by the economic environmental changes in the west, so it needs to seek a new approach in expanding its market and negotiating power, Tirana said.

The Economic Policy Relations Committee, chaired by Deputy Prime Minister Suphachai agreed, last Friday, with the initiative of an advisory team and assigned Tirana and Kroekkrai Chiraphaet, director-general of Business Economics Department, to consult with the concerned parties, both domestic and from abroad.

Thailand, having the great advantage of its geographical position, is increasing her role in this region by building the economic cooperation zone with its neighbouring countries, such as the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) in the south, and the six-nation cooperation policy along Mekong river, comprising of China, Burma, Laos, Vietnam, Cambodia and Thailand.

"We are now looking at the western linkage with the Indian Ocean, Andaman Sea and the Gulf of Bengal coast to keep us in line with the economic environment changes that will be happening in the coming year," Tirana said.

Although Thailand has linked itself with most of its neighbouring countries and participates in the Asean Free Trade Area (Afta), as well as the Asia-Pacific Economic Cooperation (Apec), Tirana believes that Thailand needs to make more agreements in the near future.

"Thailand's latest move will reap great benefits because India and Sri Lanka are now liberalizing their economies and it is believed that India will be the next rapid growth area, after China and Indonesia," Tirana said.

Planning to make Thailand the bridge between the high growth Pacific Rim and the promising Indian subcontinent, Tirana expected a sharp increase in trade between the two region and the relocating of intensive-labour plants, from Asean to South Asia, due to high labour costs and lack of raw materials.

Although Thailand has links with Burma in the north, it doesn't with the Bengal and Andaman sea coastal areas. Since the world community still applies sanctions on Burma, Thailand needs to draw Asean members into joining the project, Tirana said.

Already established is the Thai-Bangladesh cooperation plan that will increase fishing rights between the two countries.

The initial cooperation between countries will involve trade and investment; infrastructure, transport and telecommunication; sea transportation and warehousing; tourism; human resources and labour migration; natural resources, energy and agricultural; and the linkage of environment with private organizations.

In fact, the Thai private sector has taken a lead in the link-up with South Asia nations. The Charoen Phokkhaphan Group (CP) has invested in the shrimp industry, Siam Withaya, led by real estate tycoon Sura Chansichawala, has developed hotels and a banking business in India. Many Thai-Indian businessmen, such as Shivnathrai Bajaj, chairman of Diwanchan Kundanlan group, are engaging in the textile industry, while Narinder Saluja, managing director of Rama Enterprises Co, are studying the opportunity of establishing their manufacturing base there.

Over Half of State Budget to Five Policies

BK0707063194 Bangkok THE NATION in English 7 Jul 94 pp A1, A4

[Excerpt] Just over half the government's proposed Bt [Baht] 715 billion budget for the coming fiscal year would go to support five key policies, Prime Minister Chuan Likphai told Parliament yesterday. A total of Bt367 billion, or 51.3 per cent of planned expenditure, would be spent on their implementation.

These policies and proposed expenditure were: regional and provincial development (Bt152.2 billion), education (Bt176.4 billion), natural resources and environment (Bt15.8 billion), Bangkok traffic (Bt13.8 billion) and international competitiveness (Bt8.9 billion).

The remaining Bt347.6 billion was allocated to meet non-policy obligations which included defence and debt repayment, Chuan said on the first day of the parliamentary deliberation of the Budget Bill. The budget sought to promote economic growth without generating inflationary pressure and to promote equitable income distribution.

Total proposed expenditure was up 14.4 per cent over last year. Broken down by function, of the total budget of Bt715 billion 42 per cent (or Bt301 billion) was earmarked for existing government programmes, 6.2 per cent (Bt44.5 billion) for debt repayment, 15.3 per cent

(Bt1O9 billion) to ongoing projects and 36.5 per cent (Bt254 billion) for new projects.

In more detail, the prime minister said the government would implement the following:

—In order to "distribute economic prosperity to regions and upcountry," the government plans to restructure agricultural production, promote small- and medium-scale industries and invest in infrastructure.

In agriculture, the government would help farmers who grow traditional crops such as paddy (in the dry season), cassava, coffee and pepper to find new markets or to shift to animal husbandry, with a Bt35.9 billion budget and Bt22.6 billion in credits.

It also planned to set up a central market for paddy in 454 sub- districts.

The government planned to issue land deeds for another 1.36 million households, for which Bt1.8 billion was allocated. Fisheries and animal husbandry would receive Bt3 billion and Bt3.4 billion respectively.

The government planned to spend Bt1.3 billion on industrial promotion and Bt32.9 billion on land transportation, including a four-lane road network.

—On education, the government would spend Bt1O8 billion to educate 2.3 million kindergarten students, 6.3 million primary school students, 3.3 million secondary school students, 744,000 vocational school students and 880,000 university students.

It would spend Bt2.4 billion to increase compulsory education from six years to nine years. Bt1O.8 billion was for development of educational curriculums.

Health care would absorb Bt41.5 billion. The contribution to the social security system was Bt3.3 billion.

—To develop natural resources and the environment, the government would promote tree plantations on 5 million rai of land, at a cost of Bt4 billion. Bt6.7 billion was set aside for environmental protection in the provinces and Bt2.7 billion for Bangkok's wastewater treatment and drainage system.

—To alleviate traffic problems in the Bangkok metropolitan region, the government planned to spend a total of Bt12.2 billion, of which Bt8.2 billion would be for new roads. Bt2.5 billion was earmarked for housing development for the urban poor.

—To enhance the country's international competitiveness, the government would spend Bt23 billion sporting domestic and international trade, by setting up trade centers.

It also planned to spend Bt353 million to improve the quality of exports. It planned to build up science and technology manpower by giving out 1,300 scholarships, and would spend Bt672 million on labour training.

The government also planned to spend Bt2.4 billion on tourism promotion. [passage omitted]

Foreign Chambers Oppose Business Law Amendment

BK0707062994 Bangkok BANGKOK POST in English 7 Jul 94 p 21

[By Somphon Thaphanachai and Walailak Kiratiphiphatphong]

[Text] All foreign chambers of commerce in Thailand strongly oppose the Government's plan to amend the Alien Business Law, claiming amendments would create uncertainty among foreigners doing business here and would affect the investment climate.

The Foreign Chamber of Commerce Cooperation Committee of the Board of Trade of Thailand has asked the Government to suspend its plan to amend the law.

The committee says that if the Government wants to see more investment from locals and foreigners in some businesses, for example the service business, it should introduce Royal Decrees attached to the existing law instead.

The committee will forward a summary of its concerns to the Board of Trade, which is expected to include the foreign chambers' comments in a report to the Cabinet.

The Cabinet last year agreed to amend the 22-year-old Alien Business Law in order to allow foreigners to engage in more businesses in the country. It reasoned that the changes should be in line with the country's enormous economic expansion and would create a better investment climate for non-Thai individuals and companies.

The Cabinet has sought information and opinions from the Board of Trade, which has suggested two ways of easing restrictions on aliens operating in Thailand.

First, it said, the Government could allow aliens to hold more than one-third of total shares in a partnership or in a limited company.

Second, the board said, the Government could allow Thais and aliens to decide on the proportion of their holdings. Currently foreign holdings cannot exceed 49%.

The board also suggested that the government broaden foreign participation in 24 businesses specified in the Industry and Handicrafts annex to the existing law, and four services specified in another annex.

The 24 businesses the board targeted for more liberalisation are rice milling; sugar manufacturing; ice; drugs; cold storage; wood processing, all types of matches, stone blasting or crushing; vegetable oil extraction; rock salt mining; printing; mining; crockery manufacture animal feeds; newspaper publication; rice flour; garments and shoes; alcoholic and non-alcoholic beverages; lime, cement or cement byproducts; plywood, wood veneer, chipboard or hardboard, manufacture of products from silk, manufacture of embroidering and knitting products including weaving, dyeing, and pattern printing; glass containers including lightbulbs.

The four services are internal transportation by land, water or air; retailing of machines, engines, and tools; other construction except building construction; other business services except those specified in annexes A and B of the law.

A board source said the Cooperation Committee of the Foreign Chambers of Commerce have reconsidered the board's suggestions and commented that they may not fulfill the requirement of the Cabinet to liberalise businesses for aliens.

The committee also disagreed with the board about eliminating exemptions for aliens who are protected by other treaties, especially the Treaty of Amity between the United States and Thailand. It said such eliminations would distort bilateral relations and erode aliens' rights.

* Academic Critiques Army Corruption, Performance

94SE0133B Bangkok MATICHON in Thai 20 May 94 pp 1, 12

[Excerpt] [Passage omitted] On 19 May at the army auditorium, Mr. Khian Thirawit, an instructor with the Faculty of Political Science, Chulalongkon University, presented a paper on the topic "The Army in the Eyes of Academics" to staff officers responsible for army public relations activities. He said that academics view soldiers from several aspects. For example, the army has problems with corruption in recruiting soldiers. The present army commander-in-chief [RTA CINC] has taken resolute action on the problems that have arisen, but the army should conduct a study to determine whether there really is corruption. That would increase the people's confidence. Besides this, some people have said that the army is ruining the economy, society, and politics in a democratic system. This has given the army a bad image. The army should do more to develop the environment, because no one will think that the army is trying to win votes.

Mr. Khian said that the role of the army has declined. He does not want the army to play a part in politics or respond in any way. The army's only role is to defend the country. The present RTA CINC should be careful about reacting to things. If the army is criticized and it refrains from responding, it may gain greater sympathy. When responding, soldiers should be careful about what they say. Because sometimes, when soldiers respond, it just increases the reputation of those making the charges. Besides this, this will not reflect well on them. This is different from politicians, who have the right to comment on everything. Thus, the RTA CINC should speak out when the army is really having difficulties. This does not mean that soldiers should sit by idly in every instance. In some cases, if they are attacked, they must explain things, but not by going on the attack. The best thing is for soldiers to talk about their combat readiness or military security.

Mr. Khian said that people in general view the army as synonymous with a coup d'etat. But the military refuses to admit this. Actually, people have long been saying that the military does not have the right to stage a coup. If the military takes up arms, there is no chance for people to express their political views. Such a role should end immediately. The reason for saying that the military does not have the right to stage coups is that the army has weapons, but the people don't. If one side has weapons, the other should, too. If someone gains power by staging a coup, he won't survive very long. As for the role of the military and security along the border, there have frequently been reports that soldiers like to "make money" along the border. If this is true, those involved must be punished. An honest attempt must be made to suppress this. The military should do more to help the people in order to improve the military's image.

Mr. Khian said that the army's combat capabilities are still poor, and things have not improved. Examples are the battles that took place at Non Mak Mun, Ban Rom Klao, and so on. Many Thai soldiers were killed. Thus, the army must improve its combat readiness. Otherwise, the people will have a bad view of the military. He also criticized something else, saying that the military should not use thahan phran irregulars in combat. Only regular soldiers, who have capabilities, should be used in combat. This will result in fewer soldiers being killed. He added that regular soldiers should be given more training, and their salaries should be raised to the same level as those of other government officials.

"Today, there are too many generals. The number should be reduced. This will increase the value of soldiers, and there won't be such extravagance as there is today. There is a large number of generals, just like there is in the Cambodian army. Thus, there aren't enough soldiers to go fight," said Mr. Khian. [passage omitted]

Respect for Intellectual Property To Be Taught

BK0707075094 Bangkok Radio Thailand Network in English 0000 GMT 7 Jul 94

[Text] Thailand is the first country in ASEAN to include intellectual property in the school curriculum. Deputy Commerce Minister Churin Laksanawisit says other ASEAN members namely Brunei Darussalam, Indonesia, Malaysia, and Singapore have agreed to Thailand's policy of teaching intellectual property in school. A Thai delegation attending a regional workshop on intellectual property in Jakarta proposed that ASEAN countries promote the practice of respecting intellectual property right starting from childhood. The move will help solve the problem of intellectual property right violation in the future.

The Thai proposal was supported by ASEAN members as well as European countries participating in the meeting. The meeting agreed that all ASEAN countries promote the teaching of intellectual property in various educational institutions and the European Union is willing to provide assistance to ASEAN in this area.

Vietnam

Country Joins Pacific Economic Cooperation Council

BK0707072494 Hanoi VNA in English 0659 GMT 7 Jul 94

[Text] Hanoi VNA July 7—The Pacific Economic Cooperation Council (PECC) made known on July 5 that it had admitted Vietnam as its member.

The council which groups government officials, scholars and businessmen noted that Vietnam's participation in this council was considered as its starting point of a long-term process leading to its participation in the Association of South East Asian Nationals [as received] (ASEAN) and the Asian-Pacific Economic Cooperation [as received] (APEC).

Vietnam's application to joint PECC, sent last March, was approved by the entire 21 members of the council at its steering committee's meeting held in Shanghai on June 28.

Membership Termed 'Bridge' to ASEAN

BK0707140594 Hanoi Voice of Vietnam in English 1000 GMT 7 Jul 94

[Station commentary]

[Text] As reported earlier, the Pacific Economic Cooperation Council [PECC] has decided to admit Vietnam as its member. This event will serve as a bridge for Vietnam to join other activities in Southeast Asia and the Asia-Pacific region. On this event, our radio editor has this to say:

The Pacific Economic Cooperation Council, known as PECC, has rallied more than 1,000 economic groups from 14 countries in the Pacific. Last March, Vietnam submitted its application to join the organization and after more than four months, on July 5th, PECC decided to admit Vietnam as its member. This event is considered as the start of the process for Vietnam to join the Association of Southeast Asian Nations, or ASEAN, and the Asia-Pacific Economic Cooperation Forum.

In recent period, Vietnam has actively taken part in regional activities. Following the participation of Vietnamese party leader Do Muoi in the Pacific Economic Cooperation Conference held in Kuala Lumpur in March this year, the presence of Prime Minister Vo Van Kiet at the Pacific Economic Cooperation Council meeting in late May shows that Asia-Pacific countries highly value the role and position of Vietnam in the region.

This is also an expression of Vietnam's concern over economic and political activities in the Asia-Pacific region. It reflects the correctness and dynamism of Vietnam's foreign policies because nearly a century ago, an American [?scholar] stated that the Mediterranean was the sea of the past, the Atlantic was the sea of the present, and the Pacific is the ocean of the future.

This prediction is coming true. In the Asia-Pacific region, the trend for peace and cooperation has been formed and is developing. Moreover, the emergence of dragons in the world economy is being witnessed, giving a sign of the start of the Pacific time.

The fact is that at present, the dynamic development of the Pacific economy has benefited peoples in the region and created good opportunities for the business circles in the world.

Lying on the coast of the Pacific Ocean, Vietnam has ethnic links to the swift development trend of the region. In this (?evolution), though many difficulties are lying ahead, Vietnam has many advantages, that is Vietnam enjoys good relations with all neighboring countries and has established normal relations with international organizations and with almost all countries in Asia, Europe, the Middle East, Africa, and America.

The admission of Vietnam into the Pacific Economic Cooperation Council will create favorable conditions for Vietnam to actively and effectively take part in regional activities and will serve as an important factor promoting the process of renovation in Vietnam.

* Ambassador to UN Interviewed on U.S. Relations

942E0056 Hanoi TUAN BAO QUOC TE in Vietnamese 13 Apr 94 p 3

[Interview with Ambassador Le Bang by Son Thuy; place and date not given: "When Do Vietnam and the U.S. Normalize Their Relations?"]

[Text] *As Vietnam's ambassador to the UN, Le Bang, is back in the country to do some work, he has granted our TUAN BAO QUOC TE writer an interview, which is as follows:*

[Thuy] The Clinton administration has adopted a new economic policy aimed at a post-Cold War economic recovery in the United States. What are the results and prospects of this policy?

[Bang] It is true that in the post-Cold War period the United States is in a relatively difficult situation with a budget deficit, a large trade deficit, and a very large national debt. After his election, President Clinton promised to concentrate his efforts on quickly resolving the economic and domestic issues. Last year, the administration was going in two directions: to overcome the recession and to adjust the economic structure. The main policy was to reduce bank interest rates in order to provide more capital for production, reduce spending, intensify the efforts to find markets, and to expand exports for the purpose of reducing the trade deficit. The administration also concentrated its efforts on developing the high-tech sectors so as to make structural adjustments. After one year, the United States has begun to put an end to its recession and has achieved a growth rate higher than that of Western Europe and Japan. However, the ability of the United States to get rid of the overall recession remains a question mark, particularly in regard to the infrastructure, education, public health, and also the U.S. way of living. This is the way of living which the Americans themselves have criticized as being "spend more and work less."

[Thuy] In the recovery strategy adopted for the United States, President Clinton gives foreign policy priority to the Asian-Pacific region because its dynamic growth will stimulate the U.S. economy. Where does the United States put Vietnam in its Asian policy?

[Bang] Compared to his predecessors, President Clinton pays more attention to the Asian-Pacific region, particularly in terms of economic relations. The United States highly evaluates the importance of this region for the United States in the 21st century. As a result, the U.S. policy in this region has been expanded. For instance, the United States has bypassed the foreign policy tradition of relying on bilateral relations in order to adopt a multilateral mechanism, such as APEC or the multilateral security forum for Southeast Asia initiated by ASEAN. In this mechanism, it finds that there must be balanced relations between large countries and groups of nations in the region. And in this balance it considers Vietnam a rather important country. I think that the United States supports Vietnam's participation in the Southeast Asian community and in ASEAN and is gradually improving relations with Vietnam.

[Thuy] That's true, for this has been proved by the fact that the trade embargo has become a thing of the past. But how about normalization of relations, signing of a bilateral trade accord, and the most-favored nation status?

[Bang] The fact that the United States has lifted its embargo against Vietnam was the result of efforts on both sides. The lifting of the embargo is beneficial for U.S. companies but not for Vietnamese companies wanting to export goods to the United States because Vietnam has not yet been granted most-favored nation status. At present, we are continuing the process of moving toward normalization of our relations with the United States. Only after the relations are normalized will there be negotiations about signing a bilateral commercial accord, and then some provision on the most-favored nation status. When we are granted this status, Vietnamese businessmen will be able to freely compete in U.S. markets. This process must continue to be discussed and negotiated.

[Thuy] While there is no commercial accord yet, the two sides still can have cultural exchange. But Vietnam and the United States have two different cultures. What is the experience of other Asian countries as they have cultural exchanges with the United States?

[Bang] This matter requires study and caution. American culture is one of the centers of Western culture. As to our culture, because it is an Eastern culture having a set socialist direction, the difference is quite great. The greatest difference is the fact that the U.S. culture highlights individual freedom in an excessive manner and that we stress the concept of collectivity and community spirit. Other countries' experience in having cultural exchanges with the United States indicates that we must hold a dialogue with it and look for its good things, such as its scientific and technological achievements and the quintessence of its literature and arts. But next to this we have an America that is very extreme in terms of its attaining the peaks of such things as crime, drugs, environmental destruction, decline of traditional family relations, and so on. These are the things that we must avoid and we can say frankly to the American side that we cannot accept them.

[Thuy] If the United States attaches more importance to Vietnam and finds that Vietnam plays a remarkable role in the region, as you said earlier, it is obvious that for its own interests the United States should accelerate the normalization of relations with Vietnam. Is it correct to say so?

[Bang] In 1987 the United States began to cooperate with Vietnam to resolve humanitarian issues. In 1992 it allowed its companies to do business in Vietnam. In July 1993, it restructured Vietnam's debts in the IMF. In February 1994 it lifted the embargo. Thus the development of U.S.-Vietnam relations went forward in steps and in a positive direction. Vietnam's role in the region's peace and stability is very clear. However, there remain in the United States the remnants of the "Vietnam syndrome." This is an obstacle to an acceleration of the normalization of relations. In its internal ranks, the United States must still struggle over this issue. If the American and Vietnamese sides closely cooperate with each other to overcome the "Vietnam syndrome" within the framework of American interests being increased in the region, there will be many bases for accelerating the normalization of relations.

[Thuy] Ambassador Bang, how do you evaluate the fact that some American statesmen have linked democracy and human rights with normalization of relations with Vietnam?

[Bang] In the course of improving U.S.-Vietnam relations, the American side set forth different conditions. First it demanded a solution to the Cambodian issue and then resolving the MIA issue. Because we think that to normalize Vietnam-U.S. relations serves the interests of both nations and peace and stability in the region, there should be no conditions. I think that bilateral relations should be normalized as soon as possible without any conditions attached.

The fact that a number of senators and other U.S. statesmen have set democracy and human rights as a condition for normalization of relations shows a lack of equality and also is unrealistic. It also contravenes current customary international relations. The United States normalized its relations with the Soviet Union in 1933, and with China in 1979, even though their political systems were different. And even among the United States' Asian allies or friends, many of them have opposed the fact that it raised this issue in bilateral relations. Therefore, I think that between Vietnam and the United States there absolutely are favorable conditions for normalizing each other's relations on the basis of equality, mutual respect, and noninterference in each other's internal affairs and without preconditions.

[Thuy] What are the U.S. economic interests in Vietnam and, after normalization of relations, what can Vietnamese businessmen sell in U.S. markets?

[Bang] In Vietnam, the United States is interested in oil and gas, aviation, the manufacturing industry, construction, infrastructure, and so on. These are the fields in which it is strong and wants to take part. But our importing ability is limited and requires that we increase our exports before we can increase imports. Therefore, if the United States wants to export a large volume of goods to Vietnam, it must also create favorable conditions for Vietnam to export its goods to America.

Although we do not have the most-favored nation status now in order to compete with equality in U.S. markets, Vietnamese goods still can enter these markets. U.S. companies are wanting to invest in Vietnam's textile industry for the purpose of exporting its products to the United States. They say that the United States can import up to $500 million worth of textile goods a year from Vietnam. Next come sea products, industrial crops, fine art objects, and so on. Two-way business in this direction can reach an annual level of $2-3 billion. If the United States invests in Vietnam's manufacturing sector in order to export back to America high-tech products, such as electronic products, computers, and so on, U.S. companies will then struggle to urge the U.S. Government to grant Vietnam most-favored nation status. Therefore, strengthening our relations with U.S. companies is both economically and politically beneficial.

[Thuy] In this interview we have reviewed all of the basic issues in Vietnam-U.S. relations. Analyses indicate that presently there is a large enough foundation for Vietnam and the United States to normalize their relations. Ambassador Bang, as you are an expert on America, can you tell us your forecast in regard to the timing of normalization?

[Bang] This depends on U.S. internal politics. It is not easy to forecast. It is even more difficult to talk about an accurate time. Everybody knows that normalization of the two countries' relations is the job of both sides and does not depend on the goodwill and determination of just one side. My forecast is if the United States is aware of all issues, normalization will take place in the present term of President Clinton.

[Thuy] Thank you, Mr. Ambassador.

* Cambodian Ties Examined After Premier's Visit

942E0057A Hanoi TUAN BAO QUOC TE in Vietnamese 13 Apr 94 p 4

[Article by Nguyen Ngoc Truong: "A New Era and a New Turning Point in Vietnamese-Cambodian Relations"]

[Text] In the western border area adjacent to Thailand, less than half an hour from Phnom Penh by air, there have recently occurred armed clashes between the Royal Army and the Khmer Rouge forces. The UN has concluded its peace-keeping mission in the State of Cambodia, but the sound of gunfire has not yet completely ended in some parts of this sorrowful land. Many innocent Cambodians are still miserable, continue to be used for nefarious plots, and continue to be driven and pushed to the western border region. Here, in the middle of the capital, couples in resplendent wedding dress walk hand-in-hand in the flower garden of the Independence Monument, or are happily dancing in splendidly lighted dance halls.

Those are two faces of real life in Cambodia. The country is at peace but the specter of civil war has not been completely eliminated. Recently, the Khmer people, a people who created the glorious Angkor civilization, entered a difficult historical phase. One year after the National Assembly election in May 1993, the coalition government, of which Norodom Ranariddh and Hun Sen are the first and second premiers, is endeavoring to achieve peace and national reconciliation, and to rebuild the State of Cambodia. Peace, national reconciliation, and national restoration are the foremost concerns of the country. Peace and national reconciliation are necessary to achieve stability. Without stability, it will not be possible to truly begin national reconstruction, and join in the economic development process of the region. Some foreign bank branches in Phnom Penh are still closed are only partly open, the foreign investors are still waiting, and so on.

The Khmer Rouge are still a headache for the State of Cambodia. Recently, the Royal Army won an important military victory by retaking the town of Pailin. However, some foreign observers in Phnom Penh think that if the Khmer Rouge lose their border bases they may one day return to take part on the State of Cambodian political scene, while their guerrilla forces disperse to bases in the old-growth forest areas along the western border and await an opportunity. In that situation, according to the State of Cambodia leaders, King Norodom Sihanouk is the hope of Cambodia. The king "is the only person capable of bringing about national reconciliation and rebuilding the nation." Those words were spoken by

National Assembly chairman Chea Sim during a reception for Prime Minister Vo Van Kiet and the members of our government's delegation at the Royal Palace. During the first talks, held in Phnom Penh on the morning of 2 March 1994, the State of Cambodia government happily informed our government's delegation that the king's health had improved and that on 8 April he would return to Cambodia to participate in the traditional Choi Chnam Thomay lunar new year festival of the Cambodian people. The people greeted the King with even more hope than they have when waiting for the first rain storm of the new year and promises of a bumper harvest.

It is as if the country is in a race with time. Less than a year after the National Assembly elections of May 1993, the State of Cambodia Royal Government has positively begun many tasks, among which was emphasis on implementing a foreign policy of peace and friendship with all nations, especially the neighboring countries in the region, in order to bolster the independence and neutrality of the State of Cambodia and serve the goals of peace and national reconstruction. The two State of Cambodia premiers have made initial official visits to the three neighboring countries. The prime ministers of those three countries were also the first state visitors to the State of Cambodia. The Prime Minister of Laos visited Cambodia in November 1993, the prime minister of Thailand visited Cambodia in January 1994, and most recently was the visit by the prime minister of Vietnam, Vo Van Kiet.

Vietnam and the State of Cambodia are two neighboring countries that have a long tradition of friendly relations, solidarity, and mutual assistance. The friendly relations between Vietnam and the State of Cambodia are both a matter of sentiment on the part of the people of the two countries and an inevitability for two countries that share a border 1,000 kilometers long. Immediately after the signing of the Paris Agreement on the State of Cambodia in January 1992, Nguyen Manh Cam, the foreign minister of Vietnam signed a joint communique between Vietnam and the State of Cambodia that established the foundation for relations between the two countries in the new situation. It expresses the principles guiding the two countries, for the benefit of the two countries, and for peace, stability, and cooperative development in Southeast Asia. The present visit to the State of Cambodia by Prime Minister Vo Van Kiet, the highest-ranking leader of Vietnam, after the State of Cambodia carried out a general election, approved a new constitution, and set up the Royal Government, clearly manifests the undeviating policy of Vietnam, which wants to maintain and develop friendship and cooperative relations in many fields with the State of Cambodia, and to transform the border between the two countries into a border of permanent peace and friendship. The visit by Prime Minister Vo Van Kiet to the State of Cambodia, although very brief, had good results. The joint communique and the four agreements (economic-commercial cooperation, cultural-educational-scientific cooperation, the setting up of a joint committee on economic-cultural-scientific cooperation, and the cross-border flow of goods), which were signed during the visit, are basic documents for continuing to consolidate and expand the cooperative relations in many fields between two neighboring countries, Vietnam and Cambodia. With regard to the remaining problems in bilateral relations, the two sides agreed to gradually reach suitable solutions through negotiations carried out in a spirit of friendship and good neighborly cooperation. The two sides set up a working group at the specialist level to discuss and resolve problems regarding the demarcation of the border between the two countries, and to discuss the measures necessary to ensure security and stability in the border area. Agreement was reached to set up another working group at the specialist level to resolve the problems of Vietnamese living in the State of Cambodia. The joint communique emphasized that the Royal Government of the State of Cambodia declares that it will continue to carry out the policies of King Sihanouk toward Vietnamese residents that were applied during the period of the SANGKUM prior to 1975. In that spirit, Vietnamese residents in the State of Cambodia will be treated the same as other foreign nationals. The two sides also agreed to cooperate with the other members of the Mekong River Commission in order to protect the rights of the people of the countries bordering the river, especially the people and countries in the lower course of the Mekong River.

Witnessing the scene of nearly a hundred reporters and correspondents jostling one another to record the signing of the important documents in Vietnamese-Cambodian relations at the Chamcan Mon Palace during the visit to the State of Cambodia by Prime Minister Vo Van Kiet, along with the ardent congratulations of the diplomatic corps in Phnom Penh to Prime Minister Vo Van Kiet for the good results of the visit, I had the impression that a new page is turning in the history of Vietnamese-Cambodian relations. Good new seeds have been sown in the field of friendly cooperation between Vietnam and the State of Cambodia. I believe that with the efforts to tend them on the part of both sides, we will have bumper harvests.

* 'Plot' of 'Peaceful Evolution' Continues

942E0052 Hanoi NHAN DAN CHU NHAT in Vietnamese 10 Apr 94 p 4

[Article by Bui Quoc Huy: "Peaceful Evolution, the Continuation of the Strategic Plot (Against Vietnam)"]

[Text] Imperialism and the adversary forces always seek every way to undermine the world revolutionary movement. The ideas about a formula for annihilating socialism through "peaceful evolution" were born back in the 1940's when the balance of power would not allow imperialism to easily use military intervention to carry out the scheme aimed at overthrowing the socialist system. At the end of the 1980's, imperialism and the adversary forces, elated by the results obtained through "peaceful evolution" in the East European countries and former Soviet Union, were stepping up their activities as they hoped that they would "win without resorting to war" in the remaining socialist countries.

As for our country, the "peaceful evolution" plot and activities as conducted by the adversary forces have shown and are showing new aspects in terms of their nature, contents, form, and tricks. The adversaries openly make public their peaceful-evolution scheme, goals, and positions regarding Vietnam. The undermining efforts are more widely combined as they cover all economic, political, ideological, cultural, and diplomatic fields; their form and the measures taken are used in a flexible manner, both unilaterally and multilaterally, with and without the use of force and the participation of governments, both "peaceful" and "non-peaceful," and both in breadth and in depth, with action being taken in an urgent and methodical manner, with coordination of many forces in charge of carrying them out.

They continue to attack us in the political and ideological field in order to erode our confidence in the party's leadership, to isolate the party from the people, to deny the glorious past of Vietnam's revolution, and to openly criticize Marxism-Leninism and Ho Chi Minh; they attack our choice of socialism and renovation so as to adversely influence our people's faith and ideals by resorting to shrewd and well-organized tricks, both open and covert, and nurturing and supporting the adversary forces opposing socialism within and outside the country.

In a strategic adjustment, the adversary forces consider the "human rights" issue a fierce prong of attack against us. They elevate "democracy" and "human rights" to the height of strategic issues; brazenly accuse us of "suppressing" religion, "suffocating democracy," and "violating human rights"; demand that we release "political prisoners," thus creating an excuse for interfering in our internal affairs in order to instigate and support the opposing forces; demand that we revise the Constitution, permit political pluralism, multiparty opposition, and so on.

The adversary forces are stepping up covert activities, particularly intelligence and espionage activities, and stealing of state secrets, and seek every way to divide our internal ranks, first of all the ranks of our party, administration, army, and public security forces. They hope and are determined, through cooperative relations in investment and in cadres-training and humanitarian programs and projects, to seek a way to effect a change in our ideological views within our own ranks and to win over, persuade, and support those people who have wrong thoughts, are undecided and unsteady, pursue individual power and interests, and are factionalistic and opportunistic, for the purpose of infiltrating moles, looking for and establishing "flagpoles," creating opposition organizations and assembling "internal" forces, and forming a counterforce against our state so as to achieve the "peaceful evolution" scheme from within. When opportunities arise, they will quickly act to cause disturbances and to bring about armed rebellion and overthrow.

In addition to strengthening, financing, and leading the reactionary in-exile organizations of overseas Vietnamese, they both act to destroy us from without and try to ally and link up with the reactionaries within the country in order to set up organizations and to gather forces to carry out the plot aimed at committing acts of sabotage and causing disturbances and a loss of political stability. By adopting the formulas of nonviolence, peace, "reconciliation," and "harmony," and the struggle for "democracy," "freedom," and "prosperity," they gradually make their organizations legitimate, open, and international and create favorable conditions for the forces outside of the country to interfere and to exert pressure on us.

It is obvious that the peaceful evolution activities of the adversary forces against our country are the continuation of the basic strategic plot that they have carried out before and is taking place in a fierce and decisive manner and with extremely meticulous and shrewd tricks being always adjusted and added to it. However, whether these plots and tricks can be successfully carried out absolutely does not depend on their decision. The destiny and future of our country are determined by our party and our people through correct decisions and steady solutions.

Implementing the line on renovation prescribed by the Seventh Party Congress, our people have made important achievements in all economic, political, cultural, social, foreign policy, national defense, and security fields; have gradually defeated the enemy's attempts to encircle and isolate us; and have created a new position for our country in the international arena. Our country is facing new opportunities and new challenges, including the challenges that lie within these opportunities.

Therefore, to fight against peaceful evolution is the responsibility of our party, people, and army as a whole, and the top urgent task in the defense of the socialist Vietnamese fatherland.

By maintaining political security; continuing to accelerate renovation and, first of all, socioeconomic evolution; fighting the enemy plot to undermine our economy; caring to improve the standard of living, in addition to consolidating security and making national defense strong; expanding foreign relations; renovating and reorganizing the party, with efforts to strengthen party leadership and the blood-and-flesh relations between the party and the people; consolidating and improving the effectiveness of management by the socialist legal state; and making every citizen become vigilant and thoroughly understand the enemy's peaceful evolution plot, we will have enough power to make sure that our country stand firm and continue to move forward; and by remaining alert, flexibly responsive, wise, firm, and resilient in our struggle, we will certainly defeat every plot and trick having to do with the "peaceful evolution" activities.

Australia

Evans Regrets SRV's 'Overreaction' in Cancellation

BK0707101494 Melbourne Radio Australia in English 0630 GMT 7 Jul 94

[From the "International Report" program]

[Text] Despite the cancellation of a trip of high profile Australians to Vietnam this week, the federal government is hoping that a new similar exercise can be arranged in the not too distant future. Australian Foreign Minister Gareth Evans canceled the trip after Vietnam refused to issue a visa to one member of the delegation and severely cut back its program. However, Senator Evans, who is currently on a visit to the German city of Bonn, believes all is not lost. He told Michael Dodd he was keen to make fresh attempts for a similar exercise.

[Begin recording] [Evans] I haven't abandoned the aspiration to do that and we will work away quietly at putting that sort of exercise back together again sometime in the not too distant future.

[Dodd] How long?

[Evans] Well, I'm not going to speculate about that. We got very close to putting together, really, a quite productive exercise. We did have, after all, as of last week, the beginning of last week, agreement on the composition of the delegation which was rather wide ranging and did have a couple of people in it that the Vietnamese were initially reluctant to have there at all, including, of course, Quang Luu himself. We did have a program agreed which would have got the delegation into the Ministry of Interior, Ministry of (Health), the Supreme Court, the People's Procuracy, the Police Department in Hue, the people's committees and councils, the writers association, would have got them into a minority area, would have got them into a prison. All of those things were canceled but they were an indication of how well advanced the potential, at least, was for this exercise to succeed. We simply hope that we can do that again sometime in the future.

[Dodd] Well, you mentioned Mr. Quang Luu, the head of SBS [Special Broadcasting Service]. Did he make a mistake by saying that the essential purpose of the visit was to examine human rights?

[Evans] Well, I don't want to be critical in any way of Mr. Quang Luu, with an interview and the timing of which obviously could have been better and all those circumstances, I'm sure he would acknowledge. But he was doing no more than expressing his own views as to what the mission was about. And I don't think that statement by him should have been made the justification for effectively aborting the entire process. It was a regrettable overreaction on the Vietnamese Government side.

[Dodd] Well, given that it was a regrettable overreaction, should the Australian Government, which has recently increased aid to Vietnam, cut it back?

[Evans] No. If we were to go down that path, that would be a very regrettable overreaction, indeed, on our part. It would definitely set back the relationship for no discernible return. [end recording]

Canberra, Wellington Reaffirm 'Close Relationship'

BK0607085894 Melbourne Radio Australia in English 0500 GMT 6 Jul 94

[Text] Australia and New Zealand have reaffirmed their close relationship. In official talks in Canberra between Australia's prime minister, Paul Keating, and his New Zealand counterpart, Jim Bolger. Speaking to reporters after the talks, the two leaders said the only outstanding matters in the relationship were delay in implementing an open skies agreement between the two countries and further deregulation between the two nations in other services. Mr. Keating indicated the bulk of discussions centered on links with the Asia-Pacific region.

[Begin Keating recording] We had a very useful discussion about our role, joint role in the Asia-Pacific, about APEC [Asia Pacific Economic Cooperation]; about the prospects for APEC; how the debate's going; how it's developing; about the development of further linkages between Australia and New Zealand and the ASEAN group of countries, particularly in their free trade area, AFTA [ASEAN Free Trade Area]; and potential linkages..., or the prospects, I should say, of linkages between AFTA and [word indistinct]. [end recording]

Both leaders say progress on links with the AFTA are a matter for ASEAN leaders.